

Efrat's Nuggets

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Efrat's nugget -5:

Assessing super rapid time at an early stage

(RRR)

To fully enroll the Rapid Response (RR) offer, without taking a risk of deteriorating Reliability, it is required to shrink the production buffer to less than one quarter of the industry lead time. Reaching that stage takes substantial time. Much before that stage – when load control is implemented – the lead time is shorter than half the industry lead time. Since the financial benefits of getting even a fraction of the orders in RR prices are so significant, the S&T tree recommends to start offering RR on a limited volume (less than ten percent of the capacity) immediately after load-control is put in place. We know that the company can safely offer lead times which are half the industry lead time as rapid service, but what can the company offer, at that early stage, as super-rapid service?

There is a simple way to assess how long it takes to reliably complete a super-express order: During some period (a week or two) pick less than 5% of the orders, and at the time of their release, physically assign to them red priority. This way each such test order will be given a high priority from the word go, all through the course of processing. Now check the time it took to process each of these orders. If you have done it on more than 5 orders, the longest time is a relatively good indication of the time period required for completing super-express orders. Furthermore, such a test will go a long way to convince the sales force that production can actually deliver in such surprisingly short lead times.

See relevant step “green lights for Rapid” (3.2.1) in MTO RRR S&T.