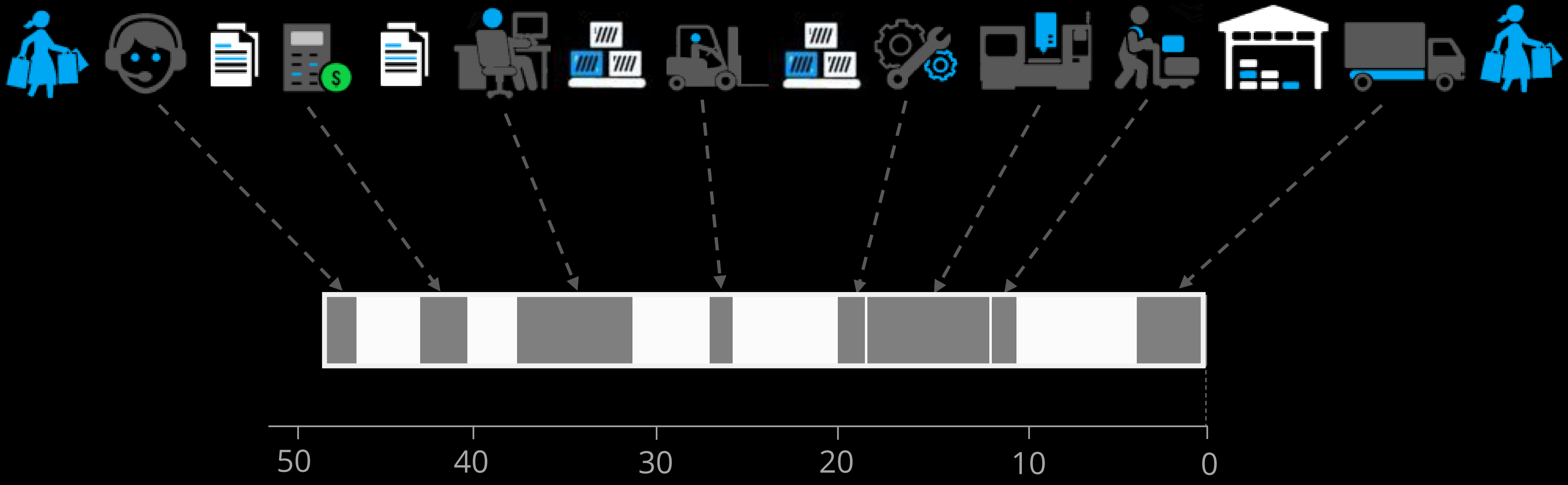
# Time as an ally and a source of competitiveness: Insights from Quick Response Manufacturing

Pascal Pollet

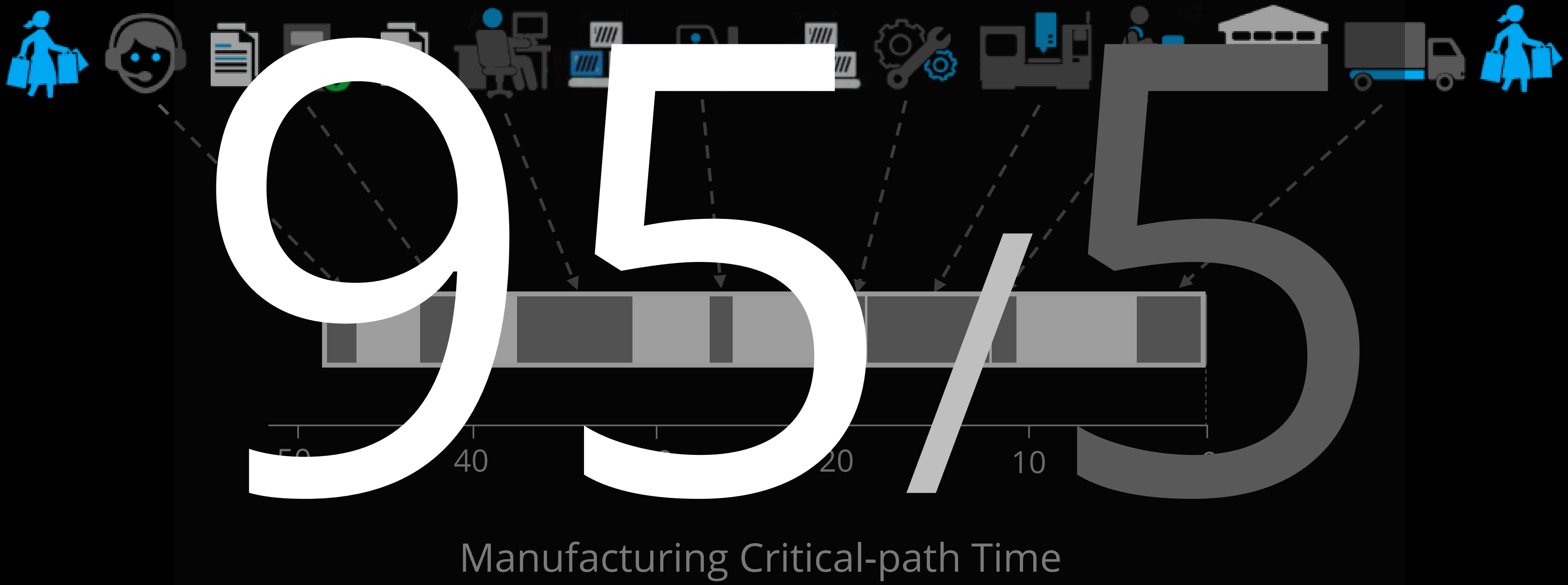
# How an order flows through the organization




Manufacturing Critical-path Time

QRM INSTITUTE

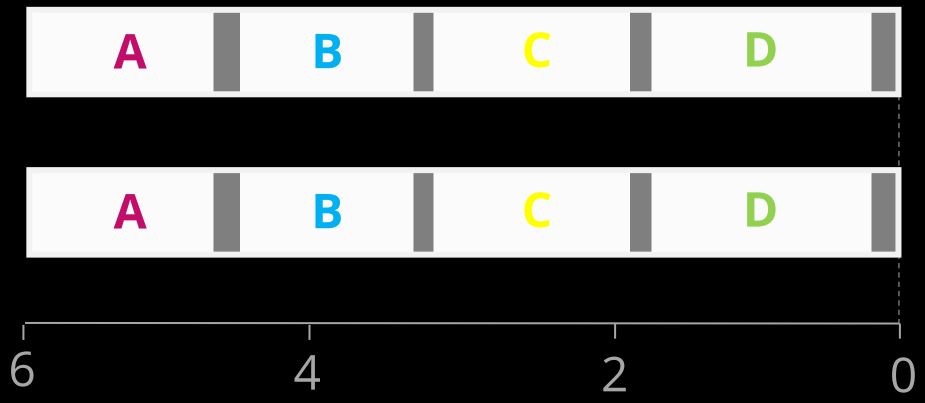
What is the relation between white and grey zones?




QRM INSTITUTE

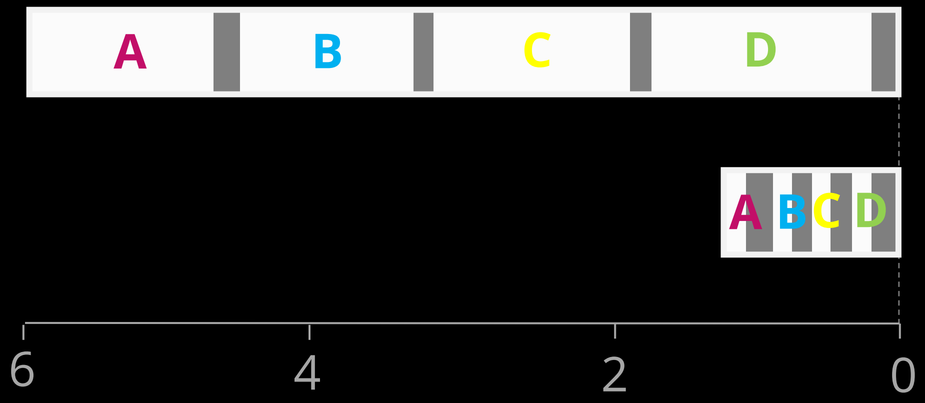
# Types of Waste in the system due to long MCTs

If your lead times were 90% shorter, what are all the things that would be reduced or eliminated?

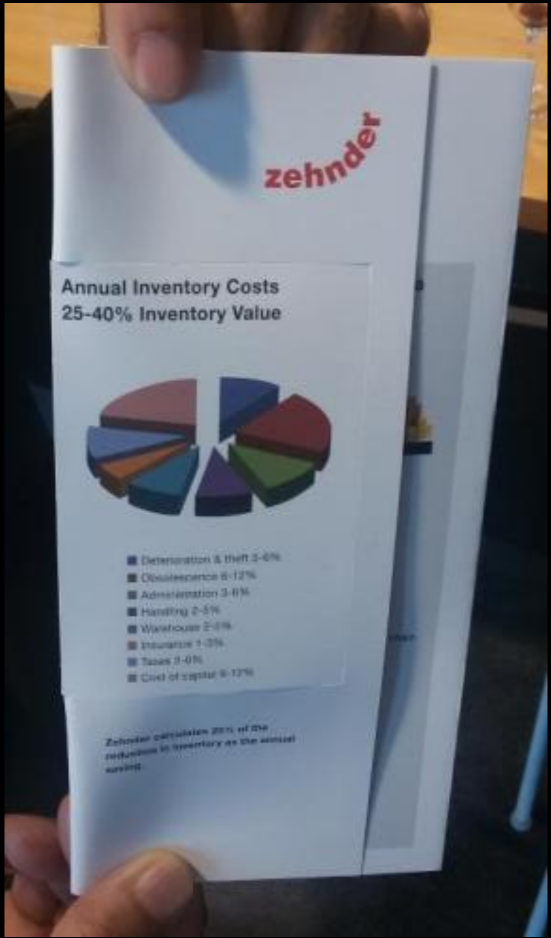


## Types of Waste in the system due to long MCTs

If your lead times were 90% shorter, what are all the things that would be reduced or eliminated?



# White zone N°1 = Stocks

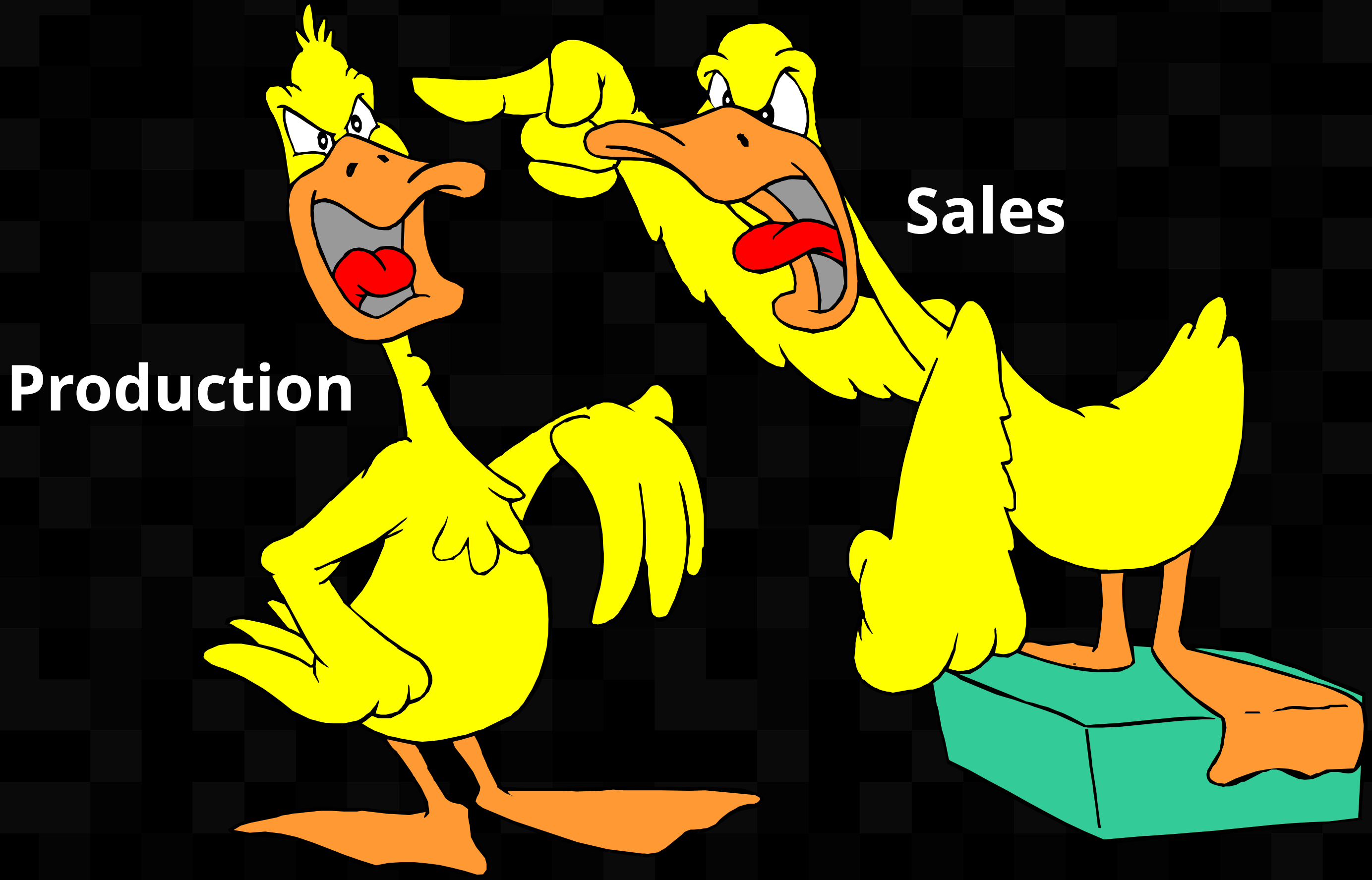



## Annual cost of inventory = 25-40%

| Costs | Range | |
|---|---|---|
| Capital cost | 6% | 12% |
| Obsolesence | 6% | 12% |
| Administration | 3% | 6% |
| Deterioration & theft | 3% | 6% |
| Handling | 2% | 5% |
| Taxes | 2% | 6% |
| Warehouse | 2% | 5% |
| Insurance | 1% | 3% |

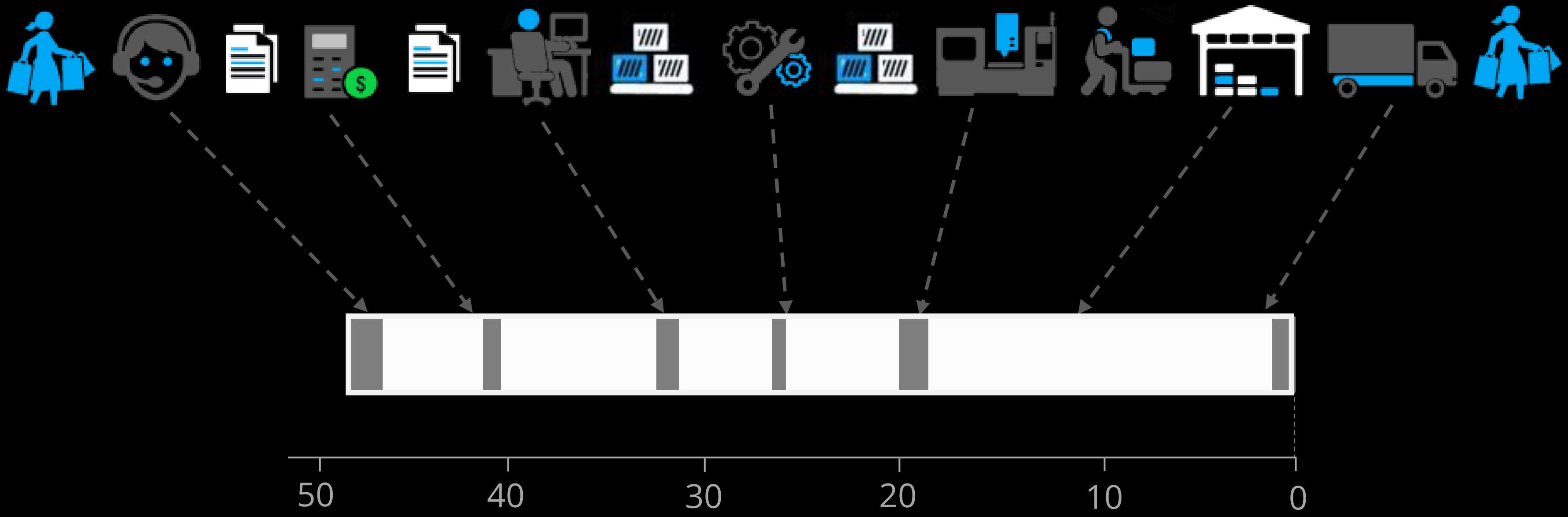

Planning before QRM


Planning after QRM




QRM INSTITUTE

How an order flows through the organization ?



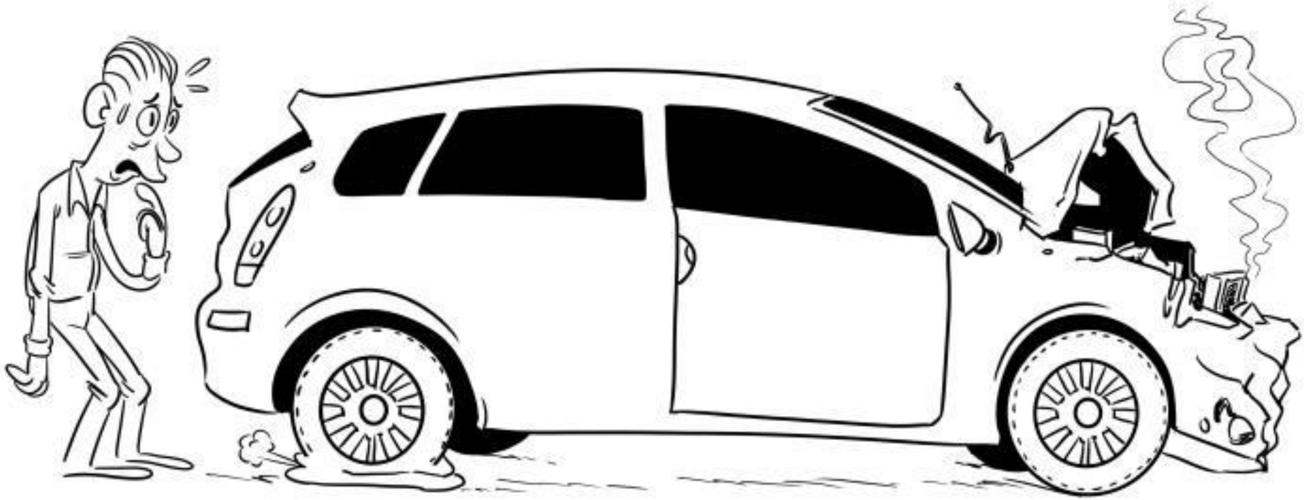

The white space also has a cost !

*Why is time thinking so powerful ?*

QRM INSTITUTE

# Exercise: What is the problem?

# Exercise: What is the problem?



QRM® INSTITUTE

# Exercise: What is the problem?

# Exercise: What is the problem?

QRM® INSTITUTE

# Why is Time Thinking so powerful?

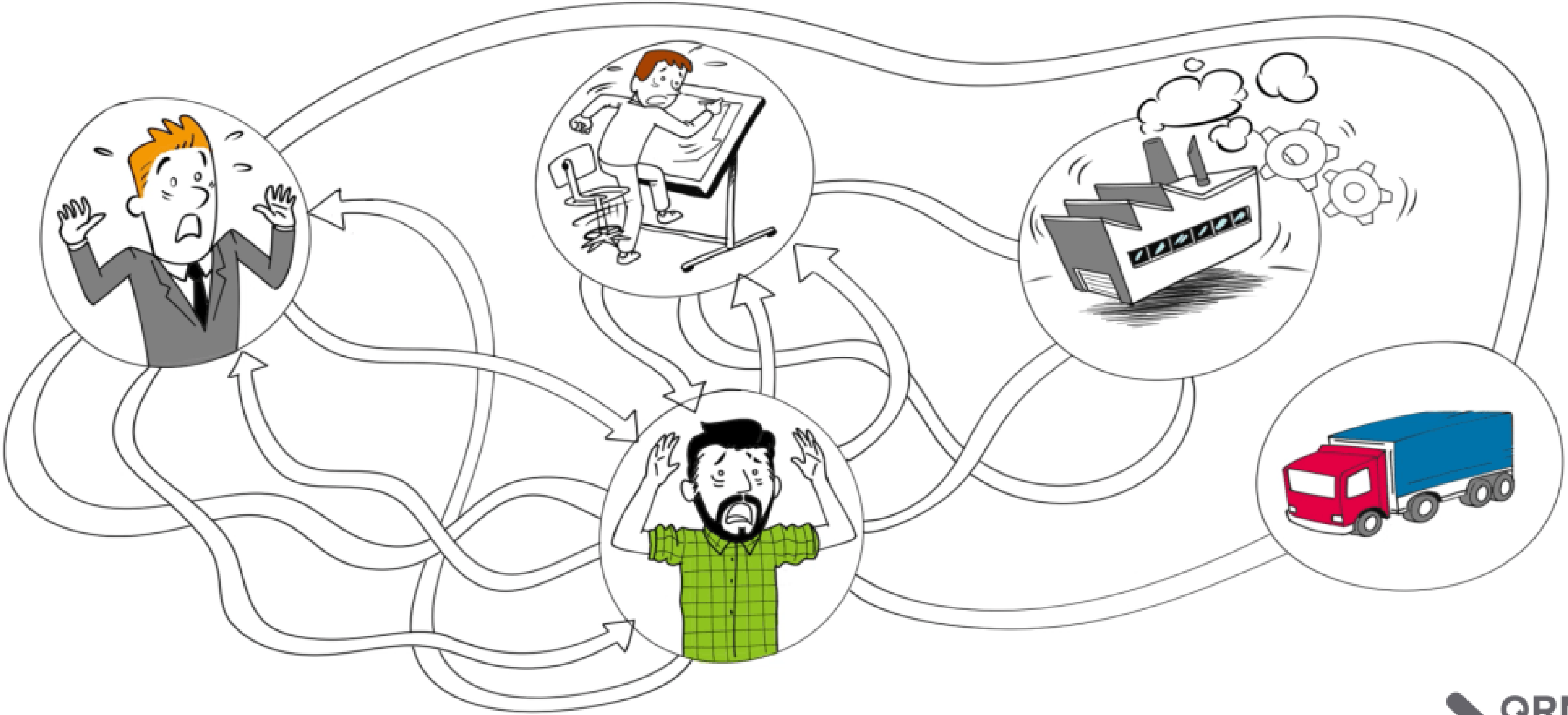
1. Time Thinking focuses on the **entire process**, looks at what happens between the processes and avoid sub-optimization.

2. Lead time can be **measured** accurately. The cost is always a calculation that depends on many uncertain parameters.

3. Lead time is an excellent measure for assessing the quality of the **collaboration** in an organization

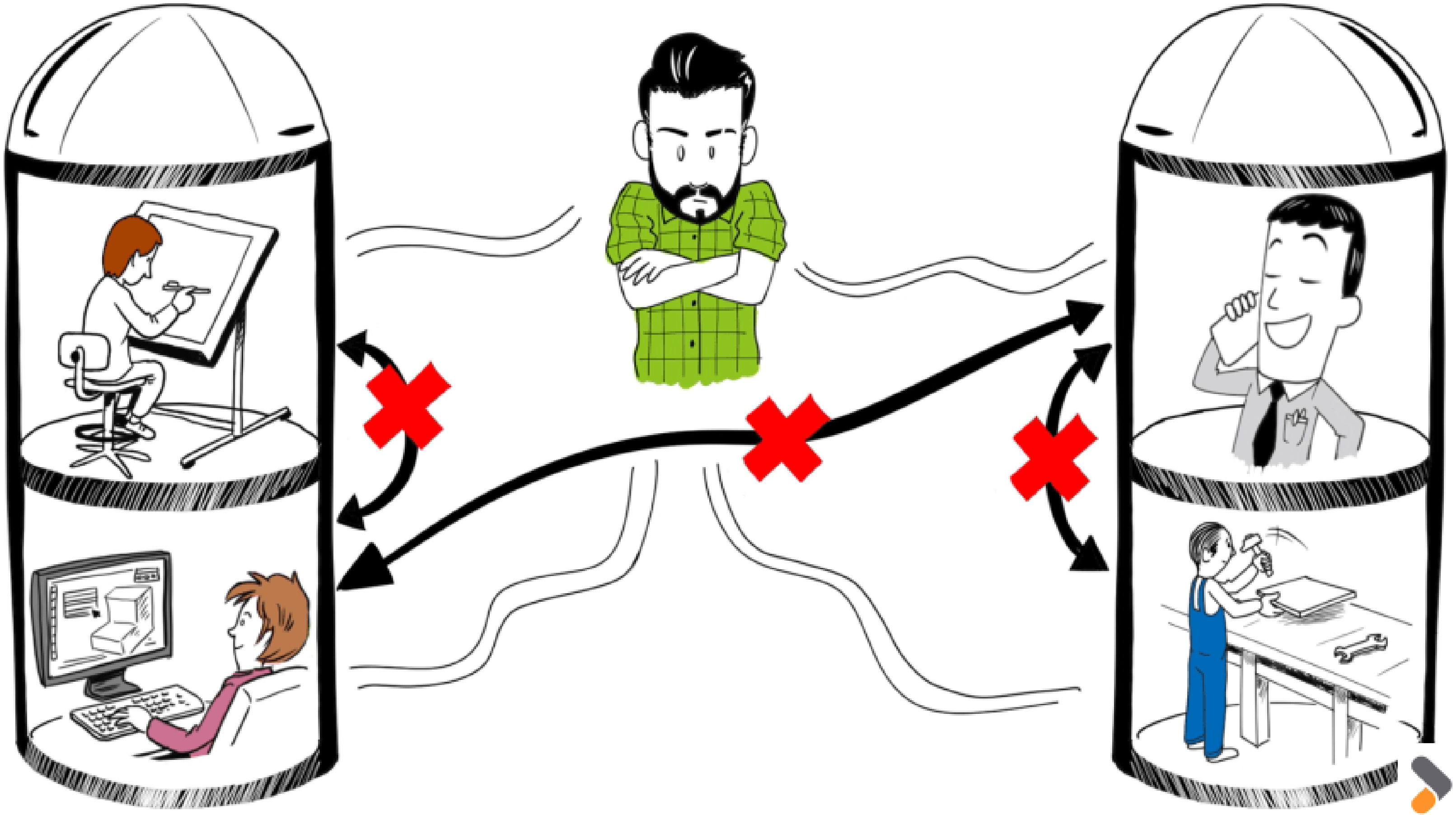
QRM® INSTITUTE

# What is the root cause of long lead time?



QRM® INSTITUTE

# Operations in Silos



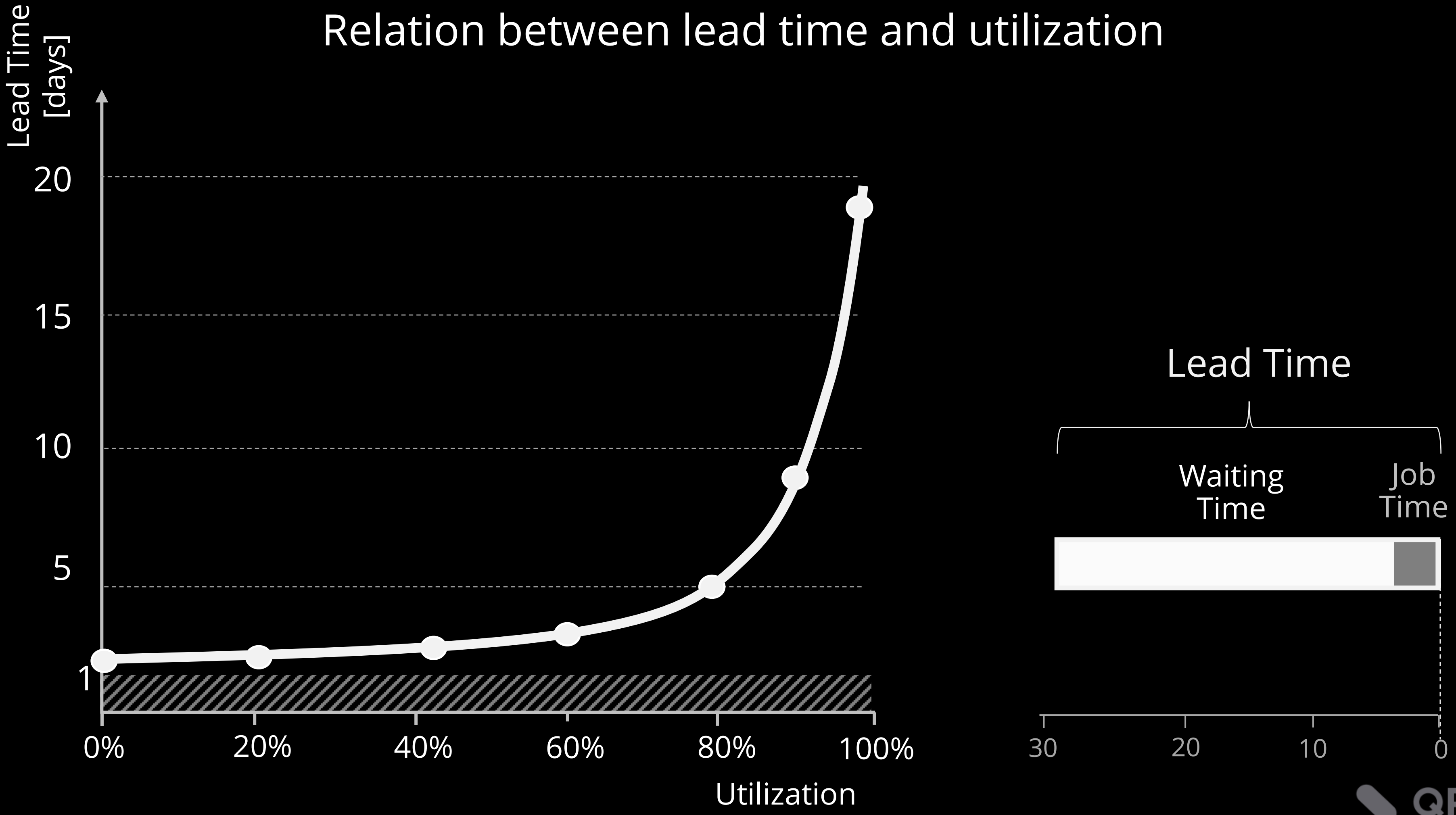
| | TRADITIONAL | QRM |
|---|---|---|
| *Organization* | Functional | Cellular |
| *Management* | „Top-Down" | Cell-Ownership |
| *Team Members* | Specialists | Mutlifunctional |
| *Mindset* | Efficiency | MCT Reduction |

# QROC


Quick Response Office Cell


Power
Of
crosstraining

# Relation between lead time and utilization



How much stock do you have in your company?

If you could cut lead time/ stocks in half - how much money would become available?

QRM Principle:

Don’t invest in warehouses and stock, invest in productive capacity and strive for an utilization level of 85%.

QRM INSTITUTE

# Conclusions

1. Time is more important than you think!
2. Your organizational structure determines your lead times
3. Don’t invest in warehouses, invest in strategic reserve capacity.