

Denver facility



Denver Facility Operations scheduling is concerned with the specification in advance of the timing of occurrences within the system, arrivals to and departures from the system including arrivals to and departures from inventories within the system (Naylor 2002). The case of Denver shows that the company does not have efficient operation and logistic systems which create many problems for both the company and its customers.

The main problem faced by Denver is that its operations group does not know the time of trucks arrival. When trucks come to Denver, they have to wait for a long time blocking the streets and plant roads. This situation can lead to product shortage and low quality of services provided because the average daily volume is higher than operational facilities of the plant. In this case, the inventory management problem is a part of operations scheduling problem. The timing of activities has a direct impact on resources and on time loading. Denver does not take into account the fact that the majority of people have a productivity rate of probably 60-70 per cent of the time they allocate to an activity. Also, the department collected data on the number of trucks only paying no attention to the daily volume on Tuesdays and Friday. The consequences of these issues are work overload and poor service (Barnett 1996).

Another problem is product shortage caused by inefficient production facilities and absence of advance notice and ordering system. Loading procedure of the polyols leads to " queues that impede other plant traffic" and absence of proper safety measures. For instance, excess capacity gives rise to low resource productivity, while inadequate capacity or means poor customer service. Decisions made in other areas have a direct impact the other area. Capacity decisions have a direct impact on system performance

and on both resource utilization and customer service. It is important to note that organizations cannot operate without good capacity management. In some cases, " tank trucks have been " sloshed around", sampled, failed and " sloshed around" again up to four times before an acceptable sample was obtained" (Cases study). Denver cannot exist without stocks of raw materials, work in progress or, where appropriate, output goods. Absence of advance notice system creates problems to the Denver laboratory. Work overload and ineffective system of loading result in poor lab services and queues. The main problem is " when a production process gets out of control and the lab provides prioritized support to that unit" (Cases study). This has a direct impact on loading facilities, the road blockage and customers complaints. Another problem is that the laboratory runs quality control of all the materials, so if there is a production problem or work overload the laboratory has to postpone some tests until the problem is controlled. The planning of this level and the control of inventories are crucial for production and successful performance. Lack of scheduling and dispatching leads to dissatisfaction and complains. It is possible to say that if the company cannot increase its storage capacity it will not be able to meet demand fluctuations. Also, if the nature of demand and the location of major customers is forecast to change, then relocating manufacturing units and stocks is the decision that can lead to savings related to reduced distribution costs. Lack of laboratory facilities causes poor product quality and waste of time for both customers and the plant (Naylor 2002). In such situation, inventory management requires considerable capital inflows, so there is a necessity to coordinate the benefits of inventories and high customer service against demand fluctuations.

The facts mentioned above show that absence of dispatching and scheduling procedures causes the problems mentioned above. All units are professionally managed, but lack of coordination and control results in poor services and problems with delivered product quality. Wider consultation with workers is needed, to enable them to understand the nature of obstacles and the reason why management is taking a certain course of action to overcome them. In this situation, areas of logistics are concerned with the transformation process which takes inputs and converts them into outputs, together with the various support functions closely associated with this basic task.

References

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2. Naylor J. (2002). Introduction to Operations Management, 2nd Edition Pearson Education.
3. Denver Trip Notes. Cases study.