

Manufacturing problem with otd on time delivery

[Business](#), [Industries](#)



Information System Implementation Case Study Analysis Introduction: PacSci has been a successful medium size aerospace/defense company. It has been in business since 1970s. (1) The company has very good reputation in price and quality. However, it always has problem with OTD (on time delivery). Ten years ago, the OTD problem was not an issue, because there weren't too many competitions. But in the last few years, due to stiffer competitions, OTD has become a big issue and been hurting the company's sales.

And lots of loyal customers slowly turned to its competitors. Causes: Several problems contributed to OTD have been identified by the management of the company. The first one they identified was the failure to recognize the lead times of the raw materials. The purchasing department always had to order materials at the minute when the parts in the stock room were almost empty. The company had to pay extra to expedite their orders, which drove the company's operating cost high.

Notification between Stock room personnel and purchasing department was not automated. And the receiving department didn't notify the stock room when they received raw materials packages. Another one was no automated process in place across the company, too many manual entered communications between departments. Some sales men made unrealistic delivery date to customers because they couldn't access older sales order information.

The engineering projects took too long to be transferred to Manufacturing because of lack of project management. Lastly, the manufacturing department still relied on too many manual labor steps in manufacturing process. (2) Implementation: The management decided to implement <https://assignbuster.com/manufacturing-problem-with-otd-on-time-delivery/>

Microsoft ERP across the whole company to stream line their Supply Chain Processes so that the inventory control can be managed, and the purchasing department can order the raw materials when they see orders come in, receive automatic notifications from stock rooms.

The shipping and receiving department now can notify the stock room when they receive raw materials and parts right away through emails triggered by ERP. Sales men can inform the customers the shipping status and the exact delivery date based on the manufacturing time, and can reach out to customers based on the customer's order activities. And also management cuts down operational costs by implementing automatic manufacturing steps to replace time consuming manual labor steps, so that the product line process time and labor cost can be managed.

Now, after implementation of Microsoft ERP, all of engineering projects can be properly managed and monitored in Microsoft ERP by management, and transferred to manufacturing after they pass manufacturing readiness phase in a timely fashion. Conclusion: After Implementing Microsoft ERP, it has helped PacSci improve its inventory, decrease the operating cost, achieve over 90% OTD. Since the improvement in its supply chain and OTD, the relationships with customers have also improved.

New products from engineering department can be properly managed and transferred to manufacturing according the schedules in ERP. More and more of those lost customers slowly return to PacSci for business. Sales department can identify the customers' order behaviors and predict better market trends, and provide better customer service. And the company's purchasing departments also negotiate with suppliers for better terms.

<https://assignbuster.com/manufacturing-problem-with-otd-on-time-delivery/>

Citations: (1) <http://investing.businessweek.com/research/stocks/private/snapshot.asp?privcapId=118423755> (2)

Narrated by former employee of PacSci, Don Yang