

The Effect on Lead Times When Normalizing a Supply Chain Process

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Abstract : Organizations are living in a very competitive and dynamic environment which is constantly changing. In order to achieve a high level of service, the products and processes of these organizations need to be flexible and evolvable. If the supply chains are not modular and well designed, changes can bring combinatorial effects to most areas of a company from its management, financial, documentation, logistics and its information structure. Applying the normalized system's concept to segments of the supply chain may help in reducing those ripple effects, but it may also increase lead times. Lead times are important and can become a decisive element in gaining customers. Industries are always under the pressure in providing good quality products, at competitive prices, when and how the customer wants them. Most of the time, the customers want their orders now, if not yesterday. The above concept will be proven by examining lead times in a manufacturing example before and after applying normalized systems concept to that segment of the chain. We will then show that although we can minimize the combinatorial effects when changes occur, the lead times will be increased.

Keywords : supply chain, lead time, normalization, modular

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