The Production Process

How do you host a dinner party?

Document the process (steps) to prepare and host a dinner party.

You will need to prepare and deliver drinks, appetizers, a dinner, and a dessert.

Include 6 to 10 high level steps.
Production planning process

- Develop aggregate production plan for groups of products
- Break down aggregate plan into product specific plans for smaller time periods
- Determine raw material requirements based on plan
- Buy them
- Make the final products

An integrated process

Predicts future demand for products
Break production plan down into smaller time increments
Create production schedule based on production plan from demand management
Uses the schedule to determine products and staff

Determines what company should produce
Requires starting inventory levels and sales forecast based on capacity
Determines amount and timing of raw material orders
Takes quantity and timing information from MRP and creates orders for suppliers
Manufacturing Summary

- Companies use ERP systems to improve the efficiency and effectiveness of production and purchasing processes.
- The process begins with a sales forecast and inventory position.
- Production plans are shared with Purchasing so raw materials can be ordered as needed.
- Bad or changing information (market conditions) force interruptions to the plan and may cause chaos.

Remember This?

Grower  Packer/Shipper  Retailer  Consumer

Grow  Harvest  Storage  Packing  Warehouse  Retail

- Grower: 5,000 160M boxes @ $3 box
- Packer/Shipper: 200 160M boxes @ $7.5 box
- Retailer: 200,000 160M boxes @ $15 box
- Consumer: 300 Million 160M boxes @ $1.30/lb

- Grow  Harvest  Storage  Packing  Warehouse  Retail

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You are a Packer/Shipper!

You own your own air-tight warehouses and have staff to manage them. You lease trucks to pick up the apples. You store them in your warehouses and take them out when needed, wash them, put them in boxes and load them on the retailer’s trucks.

- What are your operational challenges working with the grower? With the retailer?
- What services or materials would you need to order?
- What challenges do you see running your business in a lean management style?

Supply Chain at International Automotive

- Among the SCM elements/benefits listed in the case, which two were the most important for IAC?
- What was the cause of overusing premium freight? Do you think that issue has been addressed by IAC?
- As far as warehousing is concerned, identify all the areas in which resources were being wasted. Do you believe they have all been addressed? Explain.
- According to the information provided in this case, how would you interpret the following ratios? What measures did IAC take in order to improve these ratios?
  - Three operators to one office worker,
  - 765 employees to $7 million in monthly sales.