On Time Strategies for the “End to End” Procurement Process

Florida I.S. Conference

February 9, 2000
Delivery & Schedule Management

Briefing Topics

- New Delivery One Book Chapter
- Influencing supplier performance
- Importance of data integrity
- Strategy for influencing supplier performance
Focus shift from “identifying” to “influencing”

Incorporates risk based approach

Supplier vs contract surveillance

Methods of influencing supplier performance
From (DLAM 8300.1): “The basic objective of production surveillance is to provide buying activities with critical knowledge concerning progress.”

To (One Book Chapter 5.1): “Surveillance shall not be reduced to only transmitting data to buying activities without engaging in supplier delivery performance improvement efforts.”
Evaluate Likelihood and Consequence of Late Delivery

- **Likelihood** - Provided by past on-time performance, mitigated by changes to contract environment.
- **Consequence** - Evaluate what is the impact to customer if item is late.

Assign delivery risk rating based on likelihood and consequence parameters.
Formally requesting corrective action

Escalate to management councils

Identify root causes through process analysis

Seek consideration

Maintain accurate historical performance data
Delivery & Schedule Management
Briefing Topics

- New One Book Chapter
- Influencing supplier performance
  - Delinquency Reduction Strategy
- Importance of data integrity
Delinquency Reduction Strategy

If you want to minimize time spent:

- Issuing delay notices
- Responding to customer support requests (CPSS)
- Chasing outstanding delinquencies

WORK TO IMPROVE ON-TIME DELIVERIES
Delinquency Reduction Strategy

Steps

- Pareto top delinquent suppliers
- Validate data
- Assemble team
- Request corrective action/management council.
- Identify root causes/processes
- Work to eliminate root causes
Delinquency Reduction Strategy
Step 1: Pareto Top Suppliers

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<th>CAO Description</th>
<th>Schedules Due</th>
<th>Schedules Delinquent</th>
<th>On Time Rate</th>
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Delinquency Reduction Strategy
Step 1: Pareto Top Suppliers

Top Ten = 7% of suppliers, but 54% of total CAO delinquencies
Delinquency Reduction Strategy
Step 2: Validate the Data

Data Integrity... Is it worth it?

**CONS**
- Work load intensive (initially anyway), takes away from on-site activities.
- Once reliable, maintenance time will be reduced.

**PROS**
- Adds to efficiency of delivery surveillance activities
- Ensures buying activities are getting accurate data.
- Data is key input to risk assessment.
- Provides predictive indicators of supplier performance
- Allows for measurement of DCMC influencing efforts.
Delinquency Reduction Strategy
Step 2: Validate the Data

Why the Push to Clean Up

- Can’t do delivery surveillance efficiently
- Can’t do resource evaluations
- Can’t develop contractor rating systems
- Buying activities ARE accessing performance data.
- SPS Transition

- Data Integrity... Is it worth it?
Delinquency Reduction Strategy

Step 3: Assemble the Team

- Local I.S./CAO I.S.
- SFA
- PT/CMA
- Buying Activity
- Industrial Engineer
- ACO/CA
Delinquency Reduction Strategy
Step 4: Request Corrective Action

- Puts suppliers on notice
- Write against production planning and control system
- Results in suppliers (not us) identifying causes/resolving issues
- (ACO) to address to higher management if necessary
- Request to identify root cause/processes
Step 5: Identify Root Causes

Data from Delay Notices

ROOT CAUSE CODES
- Production – shop overload
- Specification, drawings, or tech data inadequate
- Planning, unrealistic delivery schedule
- Production process inadequate
- Vendor/subcontractor problem, shop overload
- Vendor/subcontractor problem, material furnished rejected
- Design and engineering problem, part number feasibility

Mandatory Delay Code Entry Requirement
Delinquency Reduction Strategy

Step 5: Work to eliminate root causes

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Data for Risk Assessment

Delay Notice:

0 1 2 3 4 5 6 7 8

Root Cause Codes

DPAS issue?
Early CAS opportunity
PROCAS
Process Improvement
End to End Issue

Mandatory Delay Code Entry Requirement
Delivery Management
What’s in the Future?

- Contractor Alert List
- Updated queries/metrics
- Incorporation of Industrial/Manufacturing Engineer policy
- Supplier profiles
DCMC Delivery Performance

On Time Deliveries

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