

How do you treat your orders?

One of the best instructional lessons about order management and scheduling I learned in a hospital. Today as we see our order quantities reduced, aggressive lead-time reduction requests while still preserving quality it be time to look at how you manage your orders.

In a hospital their pace-maker is their operating rooms. These rooms can cost upwards of \$50,000.00 per hour to operate ... so this in essence becomes their pacemaker of process. The operating theatre processes three type of patients

- 1) Elective surgery,
- 2) Day surgery,
- 3) Emergency intakes.

So how would you manage the schedule? Of course, emergency intakes take priority and need to rise to the top of the schedule. However, this is unpredictable demand which cannot be forecasted into your overall production schedule.

Most hospitals financials revolve around how quickly they can turn their beds so a lot of emphasis is placed on the patients occupying beds waiting or recuperating from surgery.

So here is how one hospital managed their schedule to optimize through-put and operating room utilization. We will incorporate bridges of relevance from the hospital to your business.

As mentioned, emergency intake patients need to rise to the top of the schedule. In general terms this can be defined as "poor planning on your part does not justify heroics on my part unless I can make it part of my business model". Emergency or Rush orders typically cost more to produce, are unpredictable but can also generate the most margin since the need has already been identified and shopping time has been minimized ... so let us take advantage of them.

The largest opportunity exists with the "elective patients" or your base customers. In the case of the hospital, the elective patients are captive since they are already occupying a bed. The hospital in essence can schedule them for surgery during any time of the day. If the schedule becomes consumed ... no worries ... the cost of keeping a patient for an extra day is significantly less than the cost of the patient to occupy a bed for an extra day.

In business the "elective patient" is akin to your repeatable customers. In this case you need to develop your PFEP (Plan for Every Part) database to determine the order pattern you experience from your customer. This is an excellent opportunity to approach your customer with Data in hand to introduce them to Kanban. By having a select number of parts on Customer Kanban will provide you with a stable foundational build. Customers will like being supported through a Kanban system since it removes buyer stress of having to manage inventory levels and Placement of orders. By having your customer's supported through A Kanban system brings them closer to you and will prevent them From going shopping for alternative suppliers.

Many organizations have embraced the power of Kanban to control Internal consumption of materials and supplies with huge success, So I am baffled why these same companies are not approaching Their customers ... guess they like surprises.

"Unless you try to do something beyond what you have already mastered, you will never grow."

Ronald. E. Osborn

Where Lean Thoughts can become Reality

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Order Management & Scheduling

So this brings us to our final order category ... Day surgery. In essence, this is lot-for-lot processing, so we can shift the production fairly easily depending on the demand we are experiencing from the other categories.

So let us reflect ... since we will be running in essence 3 production scheduling systems within one operating system.

Elective/Predictable orders ... in our current world, predictable should be defined that we know the customer and the types of products or services they will order from us. By managing them through a Kanban system will help calculate a predictable demand on your system. You can manage and adjust this predictability through your Capacity and Staffing Planner (CSP) which can then be migrated to your PFEP to adjust your triggers. In most organizations I would imagine that between 20-60% of demand could be managed through a Kanban system. By stabilizing your customer demand will also enable you to maximize the benefit of reducing and controlling your operating supplies with your supplier Kanban system. The items in this category should be your higher volume but potentially lower margin type of business.

Day Surgery/Lot-for-Lot ... react to customer demand with a delivery scope that can be adjusted internally. These orders are best managed with a date stamp so that you can take advantage of building your lot sizes. For example, in hospitals they will group day surgery procedures to maximize resources ... Thursdays for Wisdom teeth removal, Tuesday's for eye surgery etc ... If there is insufficient demand to optimize resources the batch could be rescheduled to a later date.

Emergency/Rush ... in business most organizations despise Rush orders. This type of orders are the best since they can command the highest margins. Speed is the best competitive weapon in business ... but you need a strong supporting process in order to make it profitable. With speed in your process ... it allows customers to protect their cash until the last moment or in retail it can provide you with the opportunity to have your product selected for special promotion a demand that might not be provided during traditional methods. Also, once you have assisted your customer with a Rush request, chances are strong that they will remain with you going forward.

So start looking at running your business like a hospital schedules their operating theatres and let the benefits begin.

A Great Security Idea

Val Glinka teaches self-defense to students at Sylvania Southview High School . For decades, he's suggested putting a can of wasp and hornet spray near your door or bed. Glinka says, "This is better than anything I can teach them."

Glinka considers it inexpensive, easy to find, and more effective than mace or pepper spray. The cans typically shoot 20 to 30 feet; so if someone tries to break into your home, Glinka says "spray the culprit in the eyes". It's a tip he's given to students for decades.

The wasp spray, they told her, can shoot up to twenty feet away and is a lot more accurate, while with the pepper spray, they have to get too close to you and could overpower you. The wasp spray temporarily blinds an attacker until they get to the hospital for an antidote. She keeps a can on her desk in the office and it doesn't attract attention from people like a can of pepper spray would.