

# TOC-Lean Supply Chain (Logistics) Management

## 2-day Workshop

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Why, when they take a few minutes to order, a few minutes to make and a few hours to transport do products (or even services) take several weeks, if not months to reach the customer?

More often than not, it's because of several, if not all, of the following:

- Too often there is a need for an urgent delivery
- Priorities constantly shift
- Too many shortages
- Too many inventory items have too high inventory levels
- Too many inventory items are obsolete
- Dead inventories level is too high
- There are too many cross-shipments
- There are too many customer returns
- Delivery costs are too high

Focusing on the key Supply Chain Performance Measures of due date performance, availability, lead time, inventory turns, operating cost and quality, this workshop will help you to assess the core issues that lead to these problems from the TOC-Lean perspective, and from that to develop a solution that works for you. Although traditionally associated with the manufacturing chain, TOC supply chain logistics does have implications for service chains, e.g. hospitals, and these will be covered in the course.

The workshop will address issues such as the 'Catch 22' of most supply chain problems which revolves around what levels of inventory to hold: too much and sales will be protected, but inventory costs will become unacceptably high and the risk of obsolescence is great; too little and costs are low, but the company runs the risk of stock-outs and losing customers to the competition.

Traditionally, companies attempt to base their inventory on sales forecasts and try to stock as much inventory as possible as close to the point of purchase as possible. But forecasts, however sophisticated, are rarely accurate enough, especially when they are for several months in advance. How then to solve the dilemma and ensure that there is attractively priced product available, in the right quantity and at the right location at the exact time the customer wants to buy, whilst still maintaining profitable operations?

Rather than attempting to direct improvements at individual resources or stages of the supply chain, the TOC-Lean approach to Supply Chain Management is holistic - the whole chain is analysed and improvements centre on *synchronising resources to meet actual market need*, using a 'pull' system instead of the conventional 'push' method. The variation in demand for products is always greatest - and therefore hardest to predict - at the point of purchase. However, when product demand statistics are aggregated across **many** retail outlets that variation reduces considerably. The TOC-Lean supply chain approach takes advantage of this by making sure that, contrary to conventional practice:

- larger amounts of inventory are held close to the point of production

*whilst*

- much smaller amounts are held at the point of purchase.

This works because robust replenishment strategies which allow a rapid response to customer demand are also developed, using TOC techniques such as Drum-Buffer-Rope. The replenishment model is then cascaded upstream, so that ultimately the whole of the supply chain, from raw materials through to dispatch, is in tune with customer demand - resulting in greatly reduced inventories throughout and increased product availability for the customer.

This two day workshop is based on that developed for Rolls-Royce by Dr Ted Hutchin for their Supply Chain Masters course at the University of Nottingham Business School.

The workshop will use a combination of video, presentations and computer simulations based on supply chain management expertise gained from Dr Hutchin's many years of working with both major clients and smaller companies.

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The fee for the workshop is £ 750.00 (ex VAT) per person

Workshops are typically run on a dedicated basis for individual companies. Personnel should be drawn from the key areas of Production, Planning, Purchasing, Sales, Engineering and Quality. This enables a firm foundation on which to build the implementation plan for the company.

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If you would like further information or wish to arrange a course at a time to suit you and your organisation, please contact us by telephone or email:

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