

Why Failing to Deliver on Time is Just the Tip of the Iceberg

Steve Leavitt, GM of U.S. Cloud Solutions for Exact



In the competitive world of manufacturing, few things are worse than failing to deliver products on time. Delivery delays can permanently damage relationships with customers or, even worse, drive them toward a competitor. While many small manufacturers would acknowledge the importance of on-time delivery, it happens more often than most would admit.

Earlier this year we surveyed more than 250 small manufacturers in the U.S. to see how many would admit to delivery delays and, if so, why they fail to meet deadlines. Half of the respondents in our “operational efficiencies” survey reported at least some delayed deliveries over the past year, and the top five reasons for tardiness are below:

1. Late receipt of raw materials — 39 percent
2. Inaccurate estimation of time it takes to complete an entire order — 25 percent
3. Overdependence on subcontractors with spotty reliability — 23 percent
4. Unexpected or seasonal influxes of incoming orders — 21 percent
5. Insufficient capacity — 19 percent

Many small manufacturers will recognize these issues, but still more will question what, if anything, they can do to address them proactively. The simple answer is a lot, but getting to a point where businesses can control these factors - instead of being controlled by them - always seems too hard. If you read one of my recent

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articles, however, you'll see that many are held back by misconceptions, not reality (see [Three Misconceptions That Keep Small Manufacturers From Embracing New Technology](#) [1]).

As the Misconceptions article highlights, there's still a reluctance to embrace business technology, and much of this stems from the longstanding belief that enterprise resource planning (ERP) or ERP-like software costs too much and doesn't deliver real benefits. In fact, high cost and lack of benefits are the primary reasons cited by seven out of 10 manufacturers and wholesale distributors we recently surveyed in a study we did in 2013.

Business technology has come a long way — it's affordable, easy to implement and even easier to use. Looking back at the five reasons for delivery delays above, business software can help across the board. Let's look at them one-by-one — business software lets you:

- Develop quotes based on what's planned, not just current — you'll quote a later delivery date because you'll see that raw materials MAY not be in stock when work on the order begins
- See all the factors that go into producing an order, including history, staffing and machine capacity, so that your time-to-completion estimate is based on data, not guesswork
- Look at history to see which subcontractors are liabilities and what time it "really" takes them
- Track seasonal or somewhat regular fluctuations, so when you quote an order this historical data is factored in
- Analyze capacity over time to see how long people and machines really take and what's realistic to promise at any given time

Yes, having all this information at your disposal means that sometimes you'll be pushing delivery dates out, but isn't that better than missing them? Given that 22 percent of those surveyed in our operational efficiency survey reported that they lost customers to issues other than price increases, it's clear that greater visibility into your operations is a good thing.

Greater visibility, the kind that is only possible with business software, offers many benefits beyond ensuring on-time delivery. But this one example shows how complex tasks such as quoting and delivery really are. There's so much to track and so much interdependent data that must be proactively compared, and all of this has to happen in real time. So, for many manufacturers, delivery delays are really a symptom of something potentially more troubling. If, on the other hand, you can see all these complex operational parts moving at once and can make better decisions, you'll not only be able to more accurately quote delivery times, you may actually be able to deliver earlier, more efficiently and, most important, more profitably.

Steve Leavitt is GM of U.S. Cloud Solutions for [Exact](#) [2].

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