

E- Supplement for Chapter 6 Production Strategy

Solved problems

Task: Calculate the OPP location indexes, define the best OPP location, and recommend a manufacturing strategy for this location. Explain the push/pull view of the processes within a supply chain.

| t | 1=MTO | 2=ATO | 3=CTO | 4=MTS |
|-----------------------------|-------|-------|-------|-------|
| R ^a | 300 | 280 | 280 | 280 |
| R | 280 | 280 | 280 | 280 |
| C _u ^a | 50 | 40 | 40 | 35 |
| C _d ^a | 200 | 205 | 210 | 220 |
| C | 240 | 240 | 240 | 240 |
| P ^a | 4 | 4 | 4 | 4 |
| P | 8 | 8 | 8 | 8 |
| L ^a | 3 | 3 | 3 | 3 |
| L | 12 | 12 | 12 | 12 |
| k _a , k | 1.2 | 1.2 | 1.2 | 1.2 |
| D | 6.438 | 5.25 | 4.938 | 4.625 |

Solution:

The OPP location is t=1

It corresponds to the MTO-Strategy.

The push/pull view of the supply chain divides supply chain processes into two categories based on whether they are executed in response to a customer order or in anticipation of customer orders. Pull processes are initiated in response to a customer order. Push processes are initiated and performed in anticipation of customer orders. The push/pull boundary separates push processes from pull processes. This view is very useful when considering strategic decisions relating to supply chain design, because it forces a more global consideration of supply chain processes as they relate to the customer.