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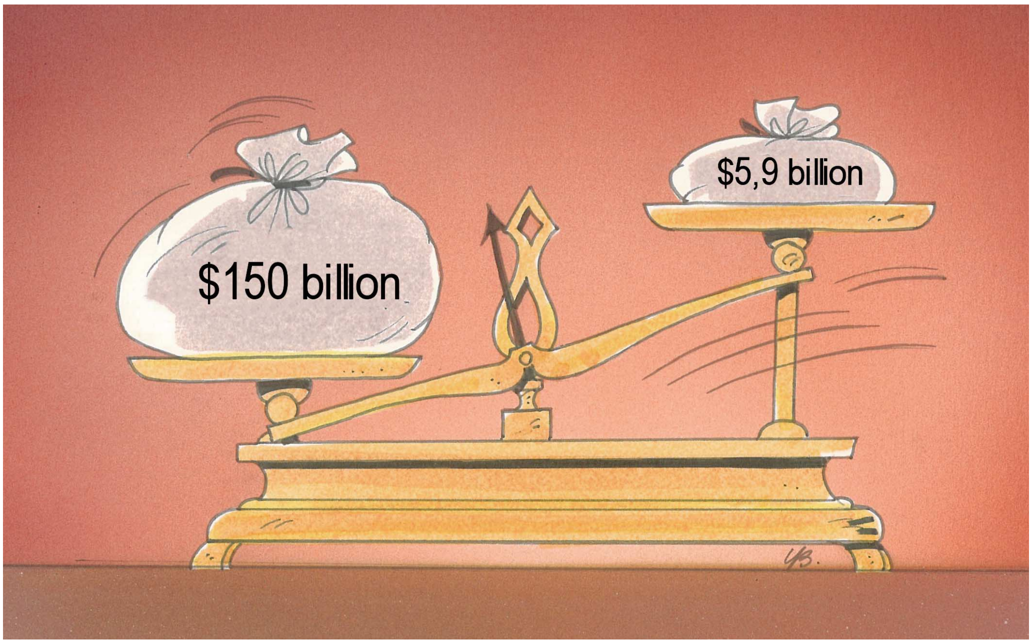
INDUSTRIAL INNOVATION AND SUPPLY CHAIN

INTRODUCE THE VOICE OF THE CUSTOMER INTO THE COMPANY

by Bill Belt

Every mission statement posted in the headquarters lobby insists on the devotion of the company to customer wants and needs. But in practice, this noble goal is often overtaken or even buried by the Voice of the Company.

Toyota is beating General Motors because of its customer orientation: in Quality, innovation and fuel consumption. The Voice of the Company has prospered because of following the Voice of the Customer. Toyota's market value today is about $150 billion, whereas GM's has plunged to $5.9 billion:



° Lowenstein, Roger, « Siphoning off the future », *International Herald Tribune*, July 10, 2008

Toyota created Lean, whose first step - even before Value Stream Mapping - is obtaining the Voice of the Customer. This customer orientation distinguishes Lean from Just in Time, whose orientation was the company rather than the customer.

Here are five suggestions for introducing the Voice of the Customer into the company:

1. Learn to pull production instead of pushing it. With Lean, the customer sends a signal to the preceding operation to pull product. The last step is governed by a signal from the customer saying what item to make within the production quota for the shift (taken from the Master Production Schedule)

Prior to Lean, production is *pushed* by a Work Order, representing the Voice of the Company. A Kanban signal in the Lean flow represents much more clearly the Voice of the Customer than the Work Order or Shop Order.

2. Use takt time as the basis for production. Takt reflects customer demand much more clearly than objectives expressed in terms of volume per month. For example, it's better to have a delivery objective of 5 minutes between to products than an objective of 1680 products per month. The two are identical, but the first is more conducive to delivering a product in Total Quality to the customer…every 5 minutes…and avoiding the "end of the month push".

1680 products/20 days = 84 products/day (7h) = 12 products per hour
= 5 minutes between two products.

3. Use Every Part Every …Interval as economic lot size.

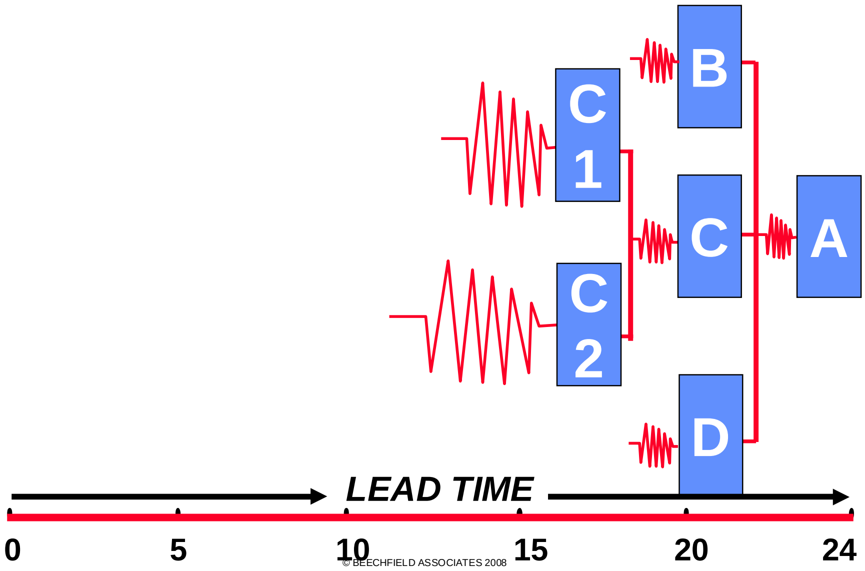
Our Technical Newsletter No. 22 already explained EPE I. It represents the Voice of the Customer, because its objective is to produce maximum variety in minimum time.

But EPE I also specifically takes into consideration the Voice of the Company. The calculation uses *actual* setup and production times. No assumption of quick changeover or other improvement is made. The results of EPE I integrate the Voice of the Customer with the Voice of the Company.

4. Adopt the marketing / manufacturing policy of finish-to-order instead of procuring-to-order. Delivery lead time to the customer is almost always shorter than the lead time to produce and to procure. More and more, companies want to have a firm customer order before even ordering purchased components.

As desirable as this policy may seem, it's not very practical. But since the entire production and procurement process can be managed from the Master Production Schedule, products can be moved along as far as desired in the production process, without creating excessive inventory. Lean contributes to this policy by reducing lead times:

LEAN MOVES THE VOICE OF THE CUSTOMER
AND THE VOICE OF THE COMPANY CLOSER



Finish-to-order or postponement is another example of fiving priority to the Voice of the Customer, while taking into account the Voice of the Company.