



Process Simulation & Assessment (PSA) Professional Services

Lead Time Technology Can Help Your Organization Identify Actionable Inventory and Cost Reduction Opportunities in Two Weeks—

Guaranteed!

Lead Time Technology (LTT) provides companies with consulting and decision support tools to **most profitably** manage planning, scheduling, and inventory optimization at all production and distribution locations. LTT has developed a **process and tools for simulating** a company's operating environment and inventory flow leveraging Lean Six Sigma principles, SCOR metrics, and significant supply chain & manufacturing operations management experience.

BENEFITS

LTT operations consultants work in a very short time period during the Process Simulation & Assessment engagement to:

1. Identify planning best practice opportunities
2. Identify process changes to provide immediate working capital and other cost reduction opportunities
3. Improved network, asset and resource utilization
4. Assess Inventory & Sourcing Supply Chain Risks
5. Understand and plan for capacity constraints
6. Baseline safety stocks, run lengths and forecast accuracy
7. Provides due diligence analytics for M&A, immediate financial opportunity from operations process improvements

ACTUAL RESULTS

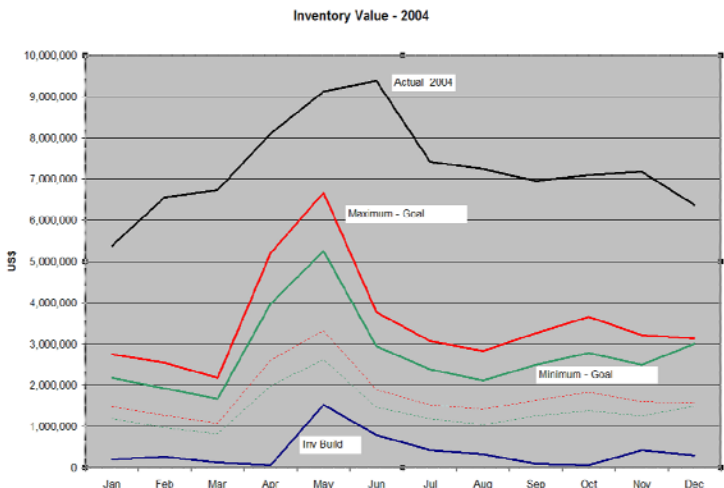
- LTT demonstrated that inventory visibility and forecasting period are a critical input to setting and improving inventory levels RESULTING IN reducing safety stock levels from \$5M to \$1.5M.
- With product Y in an oversold capacity constrained position; LTT analyzed the change-over cost vs. inventory carrying cost for the product. RESULTING IN an additional \$45K in incremental margin with increased sales and better resource utilization.
- LTT identified an invoicing process opportunity which reduced DSO 5- 10 days RESULTING IN a one time cash flow infusion \$115K.

Are you being challenged to reduce inventory and costs to offset transportation and raw material cost increases due to rising oil prices?

While you're already operating on thin margins and lean operations, do you have the analytical tools and support staff to mine your business processes for even more improvements?

Are your planners and schedulers making the most profitable decisions on what to move, make, or buy to meet uncertain demand with high service levels?

Do you have the most profitable mix of cycle stock, safety stock, intermediates, and raw materials to exploit postponement opportunities?



SIMULATION RESULTS

Using the client's historical data, LTT simulated the inventory levels that would have been recommended by the LTT Enterprise™ decision support tools for the previous year. This simulation identified

- warehouse inventory (min/max levels) to be used for planning
- capacity estimate for the manufacturing and supply chain planning and sourcing teams that would result in inventory and operating cost reduction of more than 25%.

Overview of a Typical Process and Simulation Assessment (PSA) Engagement

Engagement Objectives (developed based on customer need, and can include):

- Optimized asset utilization
- Development of key operational metrics
- Optimized inventories at the Product/Location level consistent with customer service requirements
- Improved demand and capacity management process
- Integrated business processes including capacity planning, forecasting, network loading, scheduling, and releasing
- Product and storage rationalization consistent with current capacity constraints

Methodology:

- Data extraction and validation
- Interviews with key supply chain personnel in each region
- Supply chain analysis and modeling
- Best Practice benchmarking

Personnel Requirements:

- Project Leader from Client (Approximately 10% of their time)
- Interviews:
 - Key Supply chain personnel (1 hour)
 - Production planner/scheduler (2 hours)
 - IT support for data extractions.

Deliverables for PSA (developed based on customer need, but can include) :

- Inventory targets (max/min) for various service levels at each Product/location
- Inventory simulation for past 12 months vs. actual along with extrapolation to determine inventory stake.
- Forecast accuracy vs. historical accuracy for all Products
- Opportunities for better network, asset, and working capital utilization
- Opportunities for business process improvements
- Management report with next step recommendations including:
 - Business process integration and improvement suggestions
 - Sales & Operation Planning process & systems evaluation and recommended evolution roadmap
 - Project proposal with stake, scope, timing and not to exceed costs

Key Data Requirements (Data list provided as part of proposal):

- Transaction level Historical Shipments for 2 years
- Product Master data
- Month-end Inventory data
- Key Manufacturing cost and production data

