

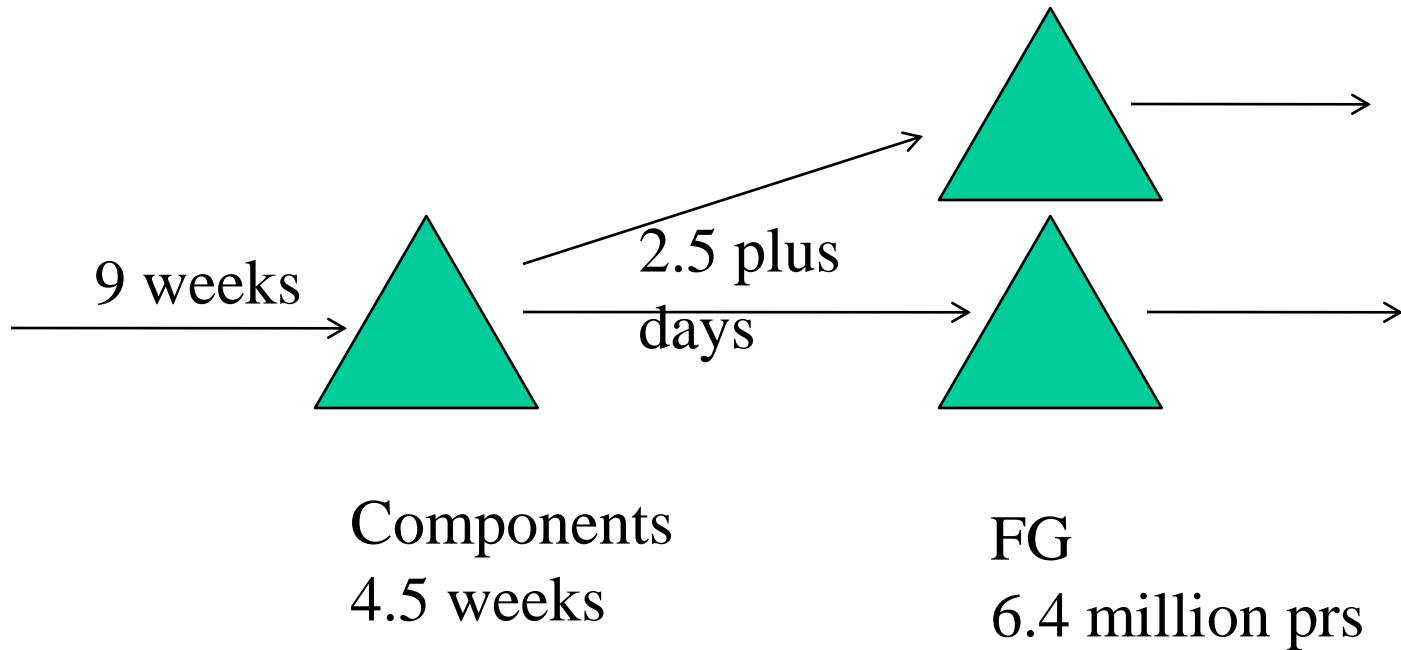
New Balance summary

- New Balance strategy and example of integration and fit
- Differentiating by operations in a commodity
- Competing on availability – tradeoffs with cost
- Strategic implications of JIT and lean operations

New Balance strategy

- Performance and fit (availability)
- Role of workforce
- Focus on retailer
- Process flexibility
- Process proximity
- Tradeoff of manufacturing cost and inventory

Domestic Manufacturing



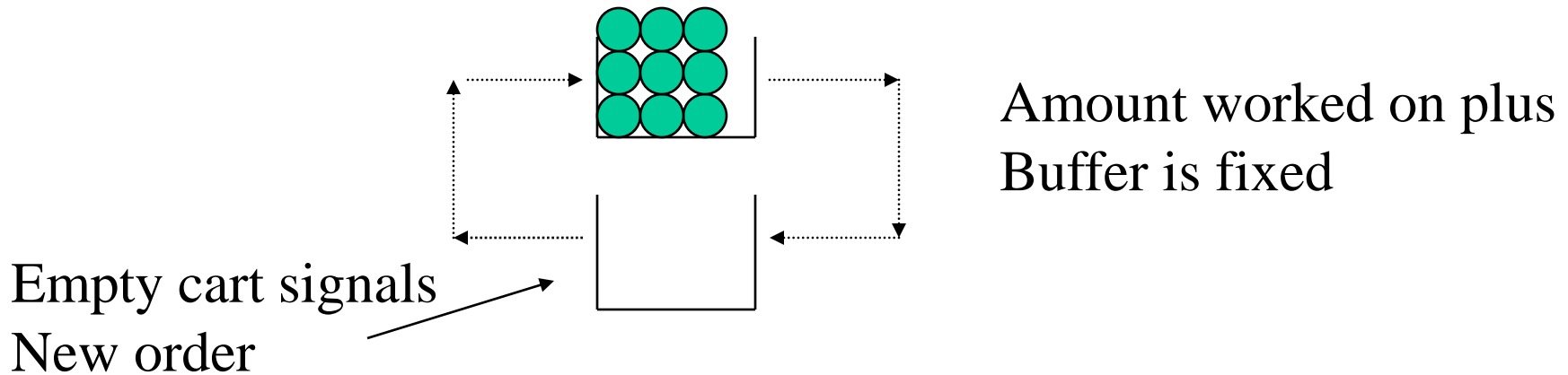
Planning and materials (and in particular lean) are crucial strategically for two reasons

- They can fulfill specific goals (eg. availability and responsiveness)
- They can be the focus of performance in a specific area (e.g. JIT can be the basis of performance goals)

Planning for responsiveness

- Small batch sizes
- Capacity (design and production)
- Inventory positioning (postponement)
- Proximity

Why is JIT still relevant



Why is JIT (and lean) still relevant?

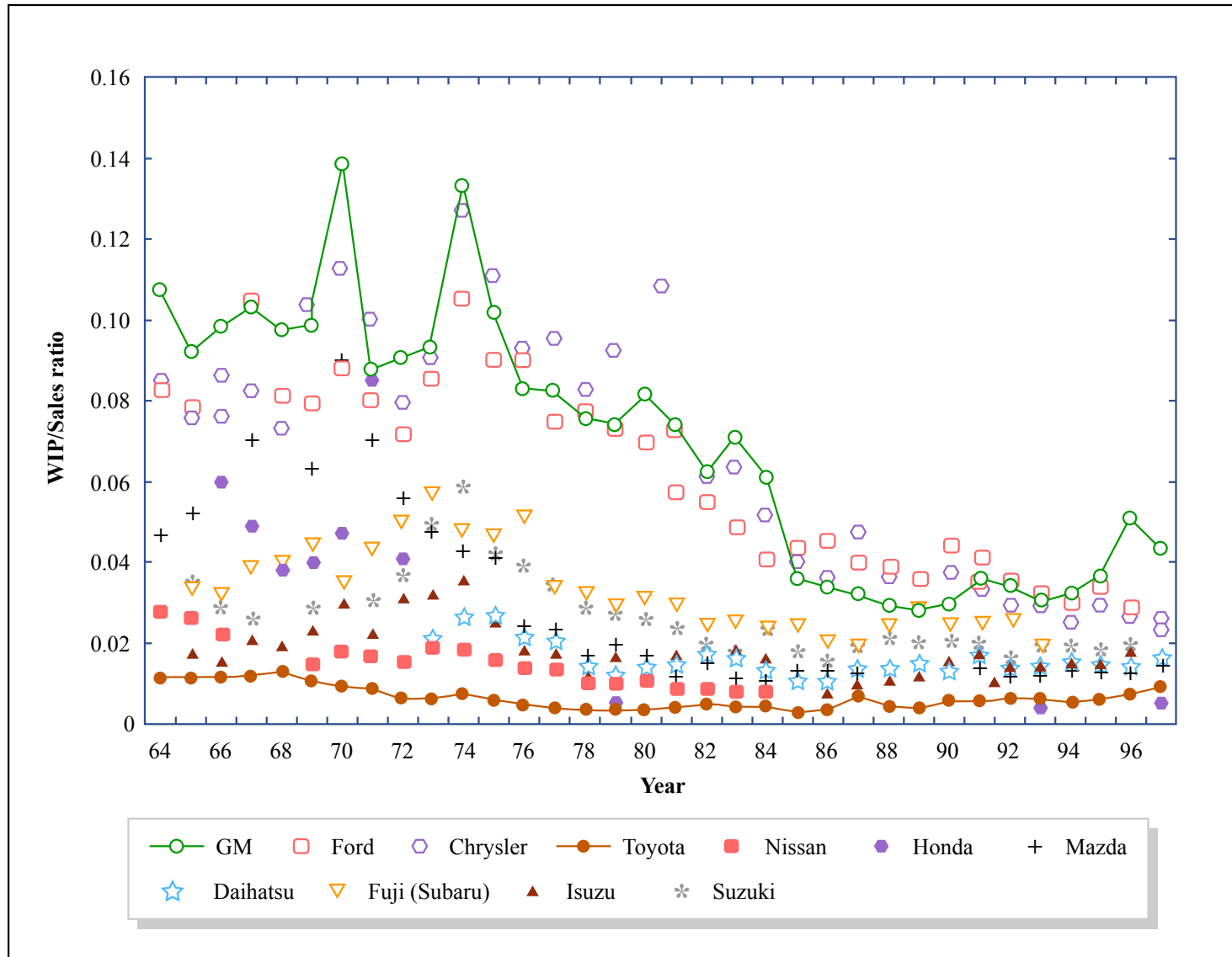
- It is more than just a planning or control system
- It is a complete system of manufacturing management and has changed the basis of competition
- It affects a large number of strategic measures (quality, waste, turnover, productivity)
- It can be the basis of a change in strategy or focus on a key goal
- The historical record is clear (even today)
- The historical record relating inventory turns and cost is particularly startling.

But what is required?

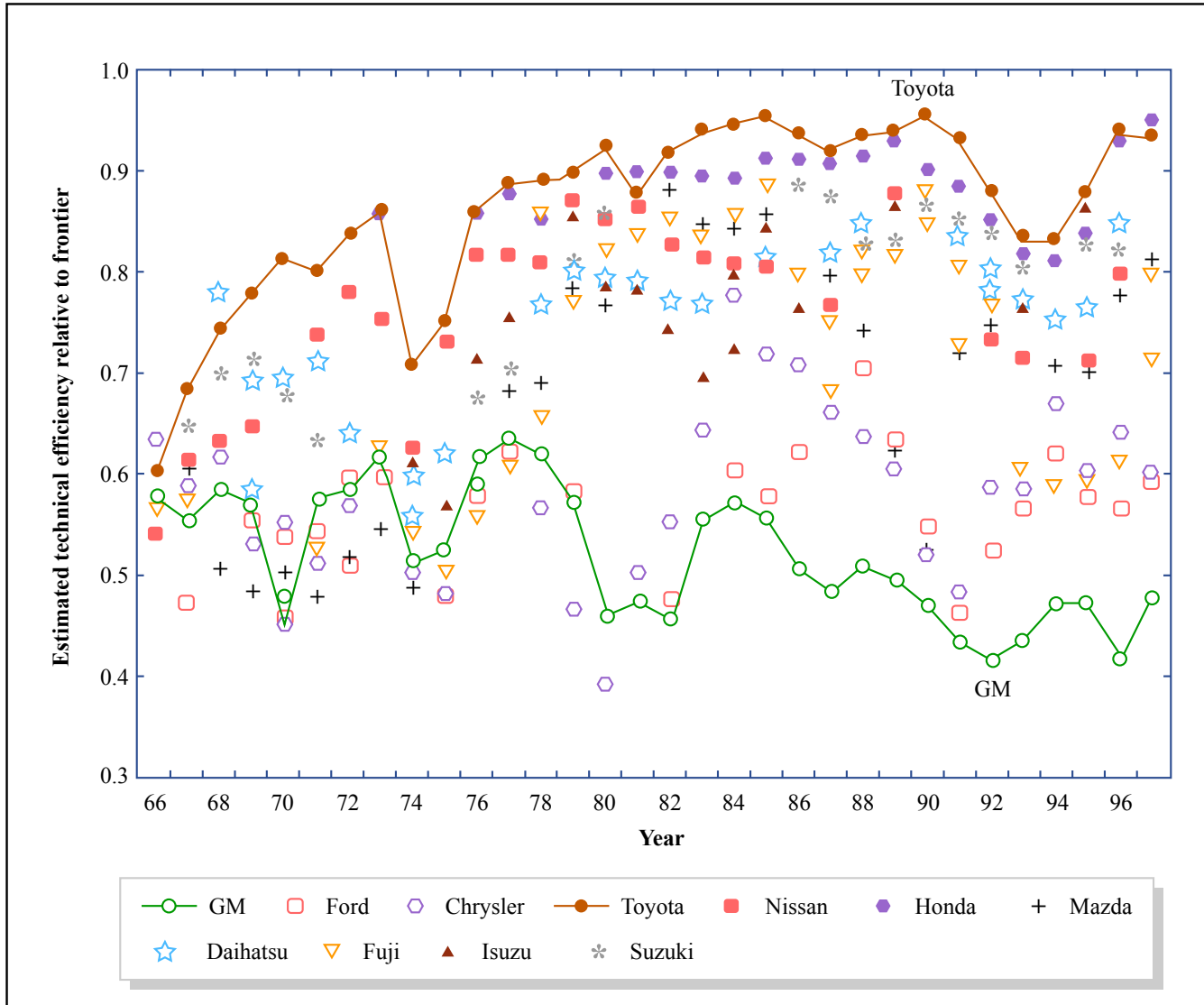
- Leveling and predictability
- Rationalization of inventory locations
- Teamwork and synchronization
- Proximity
- Focusing on flow and not inventory
- Sharing benefits and improving entire supply chain, not making it adversarial

The strategic impact of JIT:

How does inventory affect efficiency?



As inventory decreases, efficiency goes up significantly



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