

CHECKLIST

The problem of lead time variability

If: LT IS halved from 12 to 6 weeks and LTV stays the same at \pm 4 weeks, then:

Current LT			New LT		
LTV	LT	LTV	LTV	LT	LTV
-4	12	+ 4	-4	6	+4

Total LT = 8 to 16 weeks (Index 100 to 200) = 2 to 10 weeks (Index 100 to 500)

So, if LTV stays the same, then there is higher disruption / costs and reduced speed (1 to 2 from 1 to 5)

Therefore: "Uncertainty is the mother of Inventory"