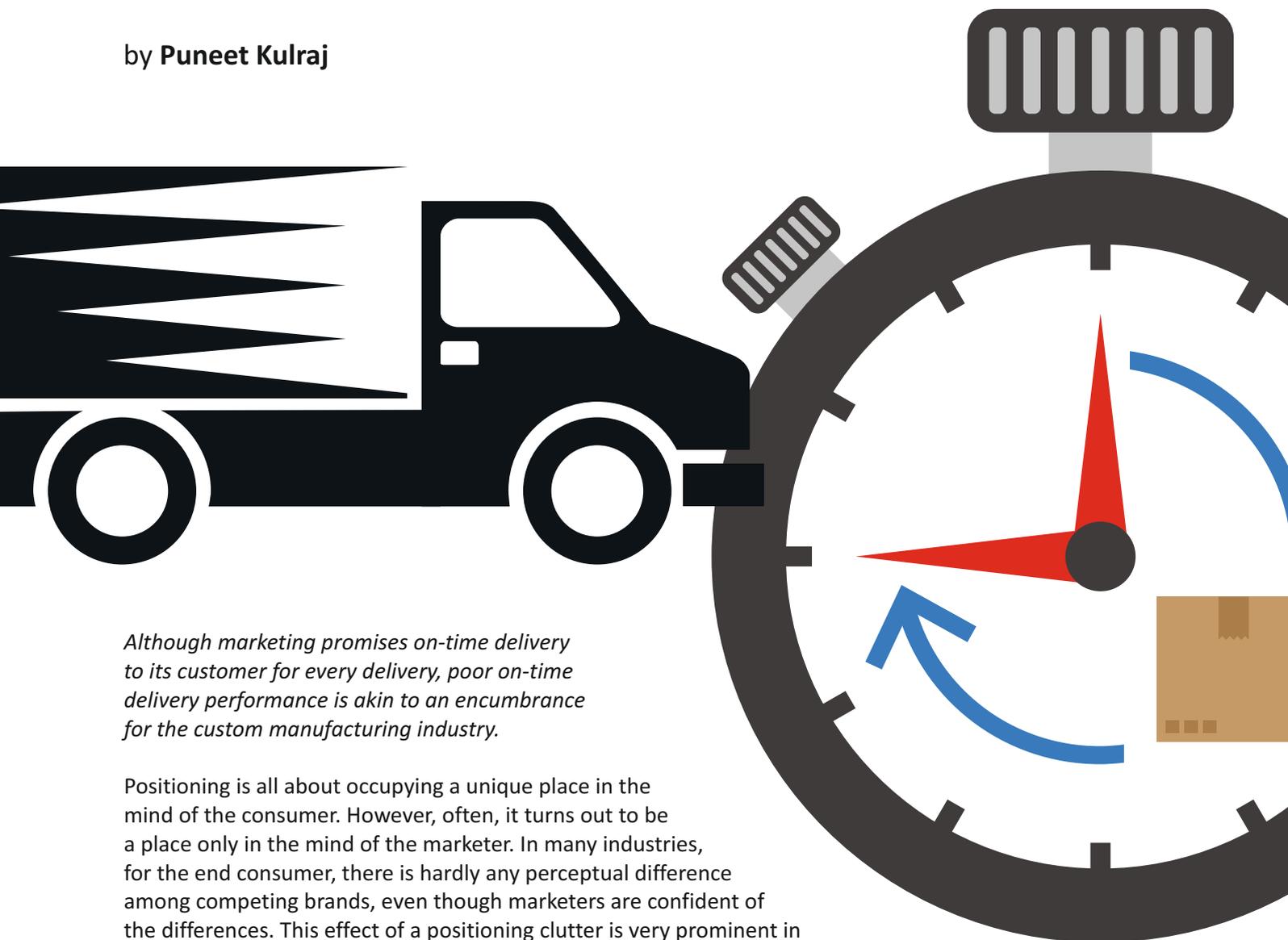


Reliability of delivery: Brand positioning opportunity for custom manufacturing organizations

by Puneet Kulraj



Although marketing promises on-time delivery to its customer for every delivery, poor on-time delivery performance is akin to an encumbrance for the custom manufacturing industry.

Positioning is all about occupying a unique place in the mind of the consumer. However, often, it turns out to be a place only in the mind of the marketer. In many industries, for the end consumer, there is hardly any perceptual difference among competing brands, even though marketers are confident of the differences. This effect of a positioning clutter is very prominent in custom manufacturing or made-to-order manufacturing environments. The problem is acute because unlike consumer products where various platforms of psychological positioning are used, custom manufacturing has limited opportunities of positioning platforms. Most players either compete on platform of quality (of the product) or price.

Is there a way to stand out of the clutter?

The positioning platform, which is hardly used by any player in custom manufacturing, is reliability of delivery commitment. Reliability of delivery is about delivering the product in full as per the originally committed dates—one that marketing commits to the end consumer while accepting an order. Even though marketing promises on-time delivery to its customer for every delivery, but a poor on-time delivery performance is almost like a disease for the custom manufacturing industry. The result is the customer being unable to trust the reliability promises. This is one of the reasons why customers of custom manufacturing items have in place practices for protecting themselves from poor reliability; for example, having penalty clauses or ordering much ahead of time even when the specs are not finalized. Either way, it does not help the consumer (and is eventually damaging to them) because penalties are usually inbuilt in the prices and the changes are used as an excuse to explain delays or they cause the delays.

Do the supplier companies of custom-manufactured items have such poor track record? Our experience of dealing with custom manufacturing validates that. The same can also be inferred as a generic industry phenomenon where we see most customers having similar purchase practices. If penalties on late delivery are an industry norm, we can safely conclude that poor reliability is an industry phenomenon.

Time and again, supplier companies refute this statement by showing on-time delivery performance at around 80s (percentage points) or even showing a delivery performance of near 100%. Our experience with people claiming 100% on-time delivery shows that this is an internal measure of production (which has no association with end consumer commitment), and it is probably measured in time buckets of the planning month, which means that it is considered as being on time as long as delivery occurs within a month.

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Managing on-time delivery of near 100% every time seems an impossible target for the custom manufacturing environment, which is full of uncertainties and variability of widely changing product mix, temporary resource overloads, customer pressures of lower lead time, changing designs, labor issues, and the like. Perhaps, this is one of the reasons why the positioning platform of guaranteed reliable delivery is hardly used by any marketer of custom manufacturing. But if a player can achieve such a remarkable performance with a lower lead time, then it has a chance to break away from the clutter of positioning to build a brand around a superior delivery performance, assuming that all other factors are comparable with the competition. It is important that not only the performance is achieved, but a guarantee is provided to the customer for on-time deliveries.

There are few custom manufacturing companies in India, which have achieved the seemingly impossible performance and are now competing on the platform of guaranteed on-time delivery service. Applying the TOC solutions, they have not only improved their on-time delivery to high 90s, but have also achieved much reduced lead-time along with 25% extra output from same facilities.

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