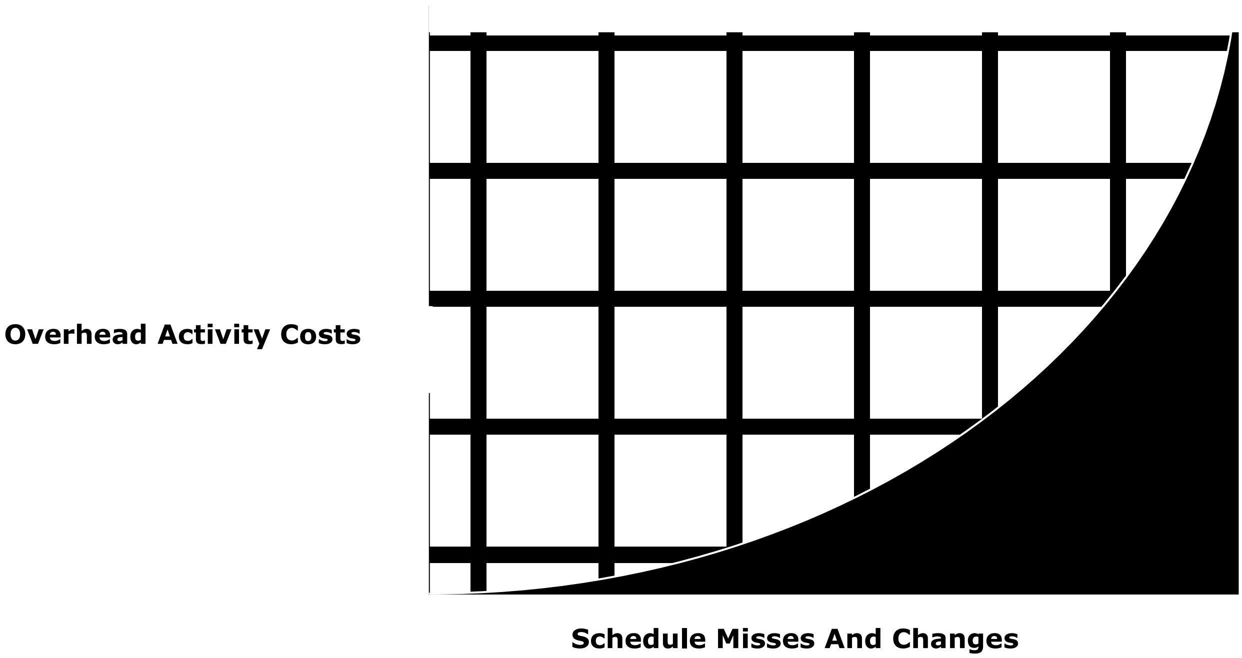
Is Visual Planner Worth It?

With a traditional system justification approach, you run the risk of putting a much needed manufacturing control improvement that Visual Planner can deliver into a heap with all the other investment proposals that are competing for corporate funding. Certainly improvements such as: 98% percent plus delivery to promise, a 25% percent-plus reduction in work in progress and a 10% percent plus increase in throughput should be more than enough for any executive to certify the investment in Visual Planner is worthwhile.

Think for a moment about the potential of a 10 percent-plus increase in throughput. If overhead expense is fully covered (absorbed) at the current rate of output, then usually the only significant additional cost to manufacture is material. With cycle times significantly reduced and on-time delivery exceeding 98 percent, a potential increase in market share will result, according to most sales executives. If the increased output is truly saleable, then 30-50 percent of every sales dollar is increased profit because the only additional expense is direct material. This factor alone could be as much as $500,000 profit increase for every $10 million of sales.

There are other valid justification viewpoints of a non-traditional nature to examine, as well. For example, a substantial amount of overhead activity costs are a direct result of poor schedule performance. The diagram below is a graphic representation of "overhead activity cost behaviour" versus "schedule misses and changes". It illustrates overhead activity costs increasing rapidly at a point where the number of schedule misses and changes exceed the organisation's ability to effectively respond to schedule change. While these costs are buried in Macola they exist in a manner represented below.

Graphic representation of overhead activity cost behaviour versus schedule misses and changes



To further the analysis of "overhead activity cost behaviour" versus "schedule misses and changes", think about the true cost of expediting, which cascades down the financial statements. This is often an unseen and unknown cost for most manufacturers. Expediting, schedule misses and schedule changes have a costly ripple effect by inefficiently consuming resources which can be counted in missed shipments, lost sales, higher production costs and quality problems, among other things.

The question "Is Visual Planner worth it?" is, in most cases, easy to answer with an overwhelming **YES**.

For more information on Visual Planner please visit www.lynq.co.uk or contact a Lynq representative on: