

# The Manufacturing Flow Management Process

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## Overview

Manufacturing flow management is the supply chain management process that includes all activities necessary to obtain, implement, and manage manufacturing flexibility in the supply chain and to move products through the plants.<sup>1</sup> Manufacturing flexibility reflects the ability to make a variety of products in a timely manner at the lowest possible cost and respond to changes in demand. To achieve the desired level of manufacturing flexibility, planning and execution must extend beyond the four walls of the factory. In this chapter, we describe the manufacturing flow management process in detail to show how it can be implemented within a company and managed across firms in the supply chain. We examine the activities of each sub-process; evaluate the interfaces with corporate functions, processes, and firms; and provide examples of successful implementation.

## Introduction

**Connecting production management to actual demand represents a sizable opportunity for most organizations.**

Firms that perform the manufacturing activities in a supply chain face several challenges, one of which is to produce products in varieties and quantities that are in synch with the marketplace. Connecting production management to actual demand represents a sizable opportunity for most organizations. For example, the potential savings from Efficient Consumer Response, an effort to connect production management with the market in the grocery industry, have been estimated at \$30 billion.<sup>2</sup> Disconnects are often cited in the U.S. automotive industry with inventories on dealer lots averaging two months' supply and sometimes exceeding four months' supply.<sup>3</sup>

<sup>1</sup> This chapter is based on Thomas J. Goldsby and Sebastián J. García-Dastugue, "The Manufacturing Flow Management Process," *The International Journal of Logistics Management*, Vol. 14, No. 2 (2003), pp. 33-52.

<sup>2</sup> Kurt Salmon Associates, Inc., *Efficient Consumer Response: Enhancing Consumer Value in the Grocery Industry*, Washington, D.C.: Food Marketing Institute, 1993.

<sup>3</sup> Silke Carty, Sharon, "Chrysler Wrestles with High Levels of Inventory," *USA Today*, (November 3, 2006), pp. 1B-2B.