CAPACITY vs PROJECT SCHEDULE

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Resource and capacity management is one of the central issues inhibiting increased productivity and effectiveness in product development. The average company annually overloads their product development capacity by a factor of 75% to 140%, i.e. 175% to 240% of actual capacity. This common practice results in product development professionals juggling multiple projects at a time without the time availability to do a great job on any of them. It also increases the number of errors in the design causing subsequent engineering change orders. Then, management wonders why product development schedules slip 50-75% or more to get the bugs out and make the product customer worthy.

We learned as a nation during the 1980's that manufacturing operations should be scheduled to 85% of capacity. Between unplanned downtime and rush customer orders, the remaining 15% would get filled during any given multi-month period. When the schedule requirements exceeded real or available capacity, orders were shipped late.

Schedule slippage is directly related to capacity management. This hard learned knowledge should be applied to product development.

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