

APPENDIX 3

1. Is it a marketing problem?
 - ☐ Does marketing want products built before there is a firm sale or customer commitment?
 - ☐ Does marketing try too hard to "guess" what the customer will buy without adequately communicating with the customer?
2. Is it a forecasting problem?
 - ☐ Do the excess inventories occur because the demand forecasting methodology is inadequate?
 - ☐ Do the forecasters need more knowledge and training, or do they need better input data?
3. Is it an engineering problem?
 - ☐ Does engineering make too many engineering changes without considering the impact on existing inventories?
 - ☐ Do they fail to consider the benefit of standardized, or modular, components?
4. Is it a production problem?
 - ☐ Is the production group building to the schedule, or are they attempting to build ahead and thereby reduce setups?
 - ☐ Are they sacrificing quality or customer service to achieve labour efficiency and equipment utilisation?
5. Is it a purchasing problem?
 - ☐ Are large purchasing orders taken for discounts without considering their impact on excess inventory control?
 - ☐ Are we able to negotiate a smooth, dependable flow of goods, or are we the victim of our suppliers' capabilities or caprices?
6. Is it a production-planning problem?
 - ☐ Will changes in basic decision rules, such as when to phase in engineering change, alleviate the excess inventory build-up?
 - ☐ Does the production schedule reflect the marketing forecast or the production comfort zone?
7. Is it an accounting problem?
 - ☐ Will a change in the accounting system provide the information necessary to identify excess inventories?
 - ☐ Are they assigning unrealistic values, either too high or too low, to the excess inventories?
8. Is it a performance-measurement problem?
 - ☐ Are performance measures focused on local primary measures (labour efficiencies) rather than global measures (EVA)?
 - ☐ Is the intangible value of customer service considered more important than the tangible cost of excess inventories?
9. Is it a cross-functional coordination problem?
 - ☐ Would the use of cross-functional teams reduce the magnitude of the excess inventory problem?
 - ☐ Would greater communication and coordination among the functional areas reduce excess inventories?
10. Is it a cross-functional organisation problem?
 - ☐ Has the responsibility for excess inventory been assigned to a specific function or is it "everyone's" responsibility?
 - ☐ Would a specific continuous improvement program, such as Six Sigma or CPFR, help reduce excess inventories?