ABSTRACT

Long order fulfillment lead-time leads SAS Company to profit margin loss and failure of customers' satisfaction. This case study proposed alternative solutions based on purchasing postponement methodology to improve the order fulfillment lead time performance for the company.

The research question is how to improve SAS order fulfillment lead-time through the purchasing postponement strategy? The purpose of the study is to identify the current order fulfillment process, lead-time performance, and solution finding.

There are two alternatives of the new process, proposed to improve the order fulfillment lead-time. One is the greige fabric purchasing postponement and the other is fabric dying or printing purchasing postponement. Both alternatives provide the improved postponement lead-time from 25 weeks to 21 weeks and 18 weeks. The shorter 4 weeks and 7 weeks order fulfillment lead-time offer different total cost trading off. The target of order fulfillment lead-time which can support the company business process is within 21 weeks. While greige fabric purchasing postponement still requires air transportation expense as well as additional inventory carrying cost to achieve 21 weeks lead-time. The total cost shows the competitive cost saving from the original process for the company. At the same time, finished fabric dying and printing purchasing postponement provides most effectiveness for short order fulfillment lead-time in the case study, in which inventory carrying cost, is the main cost trading off. Aside from total cost comparison, there is the aspect of forecast inaccuracy management as well as product value consideration that are reflected to the new proposed processes , with short term and long term solution suggestions.

The case study implies that the application of purchasing postponement methodology is a useful mechanic tool to increase the company benefits by the order fulfillment lead-time improvement.