



Delivering Variable Demand Production on Time

Some products have variable demand. It may be driven by market seasonality, unpredictable consumer demand or an industrial model where large orders are shipped based on end market purchasing and installation cycles. Effectively addressing this challenge requires an ability to develop a flexible forecasting and stocking model in terms of raw inventory, production scheduling and finished goods Kanban.

THE SITUATION

A manufacturer of electronic musical instruments had consistent variations in demand.

THE PAIN POINT

Some of the products involved parts inventory with limited availability. Demand could drop to zero and spike quickly.

“Our combination of proactively identifying components that may represent an availability or obsolescence issue at the quote stage and developing stocking programs aligned with each customer’s demand variations help us consistently support customers with variable demand.”

Bree Oldham
CFO

CONSIDERATIONS

- Difficult to forecast demand

ASSUMPTIONS

- Required a reactive response

REALITY

EDM’s stocking programs and flexible production capabilities keep delivery on-time.

SOLUTION

The team at EDM asked detailed questions about the likely minimum and maximum quantities they would need. The customer provided a multi-year blanket purchase order along with a three-month forecast with a firm release date for month one. EDM developed a stocking program with suppliers that kept part lead-time plus a 90-day buffer in bond. Suppliers have visibility to demand changes via EDM's ERP system. When necessary, constrained inventory is kept on hand. One month of finished goods inventory is kept in a Kanban and the bonds are analyzed and reset annually.



CONCLUSION

EDM's supply chain relationships and financial strength enable it to develop customized material stocking programs for its variable demand customers. Additionally, its engineering team is able to provide support for materials sourcing issues involving custom parts, hard-to-find parts, or end of life parts, by collaborating with the customer's team on approval of alternates or a redesign.

