



East West
design • manufacturing • distribution

THE COMPLETE GUIDE TO
LEAD TIMES



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About Us



We think it's important for you to first know who is behind this guide so you can rest assured its contents are trustworthy.

East West Manufacturing is a global manufacturing services company specializing in components, sub-assemblies and finished goods for OEMs and distributors. We are not only industry experts at managing projects from design to delivery, but are also committed to giving our customers the best possible experience by working with dedicated U.S.-based engineering and customer support teams and producing products to world-class standards in an easy, efficient manner.



Beyond our capabilities and unparalleled knowledge, East West is deeply rooted in a culture of integrity, education and service that can be felt and seen in each division within the company.



Simply put, lead time is the total time required to manufacture an item from the moment you submit your purchase order until delivery of your products

There are many different types of lead time, depending on which stage in the cycle you're in, so let's start by defining the stages that encompass manufacturing an established products. Keep in mind first production runs will include several additional steps including sampling, testing, etc...

Customer lead time, also known as **total lead time**, is the cumulative time it takes from when a customer places an order to its delivery. This type of lead time is comprised of several others that will be discussed below and can often be a good measure of the efficiency of an organization's complete supply chain. If we're being completely transparent, every customer wants the same thing - quality products quickly with the least amount of effort. Total lead time is what the customer perceives, so breaking down its components to analyze opportunities for improvement will lead to increased satisfaction.

Order processing time is the first step in customer lead time. This is the latency between when an order is placed and when it goes into production. This step involves administrative legwork such as ensuring carton quantities match and

the shipping requests make sense.

Material lead time, which is how long it takes for the factory to receive a material order from a supplier, is often the longest portion of total lead time. The duration of this stage depends heavily on the number of components and how specific a company is with the sourcing requirements.

Production lead time is the next stage in the cycle and begins at the start of production. As the name suggests, this is the time where the product is being manufactured. Keep in mind that this also includes the sub-assembly, palletization, and any idle time during the production process.

Finally, **delivery lead time** is when your products have been made, tested and are now in transit to their final destination. This can vary drastically based on market trends, the method of which you've chosen to have your products delivered and which port they're being imported into. While air freight is the quickest and historically more reliable, it is also quite costly. If time is on your side, the most economical option is ocean freight.

How to Shorten Lead Time

In each phase of customer lead time, there are steps you can take to help make the process run quicker.

You may consider providing your supplier with an agreement allowing them to purchase long lead time components in advance of placing your order. This is a viable solution if, for example, you're product requires ten parts, with 2 of them expected to take 3 weeks longer than the others to come in. Allowing your supplier to order these prior to the final order means the factory should receive all components at the same time and start production immediately.

You've likely heard this before, but let us reiterate. Providing your

manufacturer with a 1 year forecast that is as accurate as possible will allow both the factory and suppliers to anticipate your needs and match your schedule with their own.

Another way to shorten material lead time is by relaxing specifications on non-critical components. By approving alternate materials, you provide your suppliers the flexibility to source from places who can get the necessary items to you faster.

Along the same lines, unless your product absolutely demands custom components, switching to a standard piece will open up more options for your supplier, saving both time and, most likely, decrease cost.

90%
of the world's
goods are
transported by sea

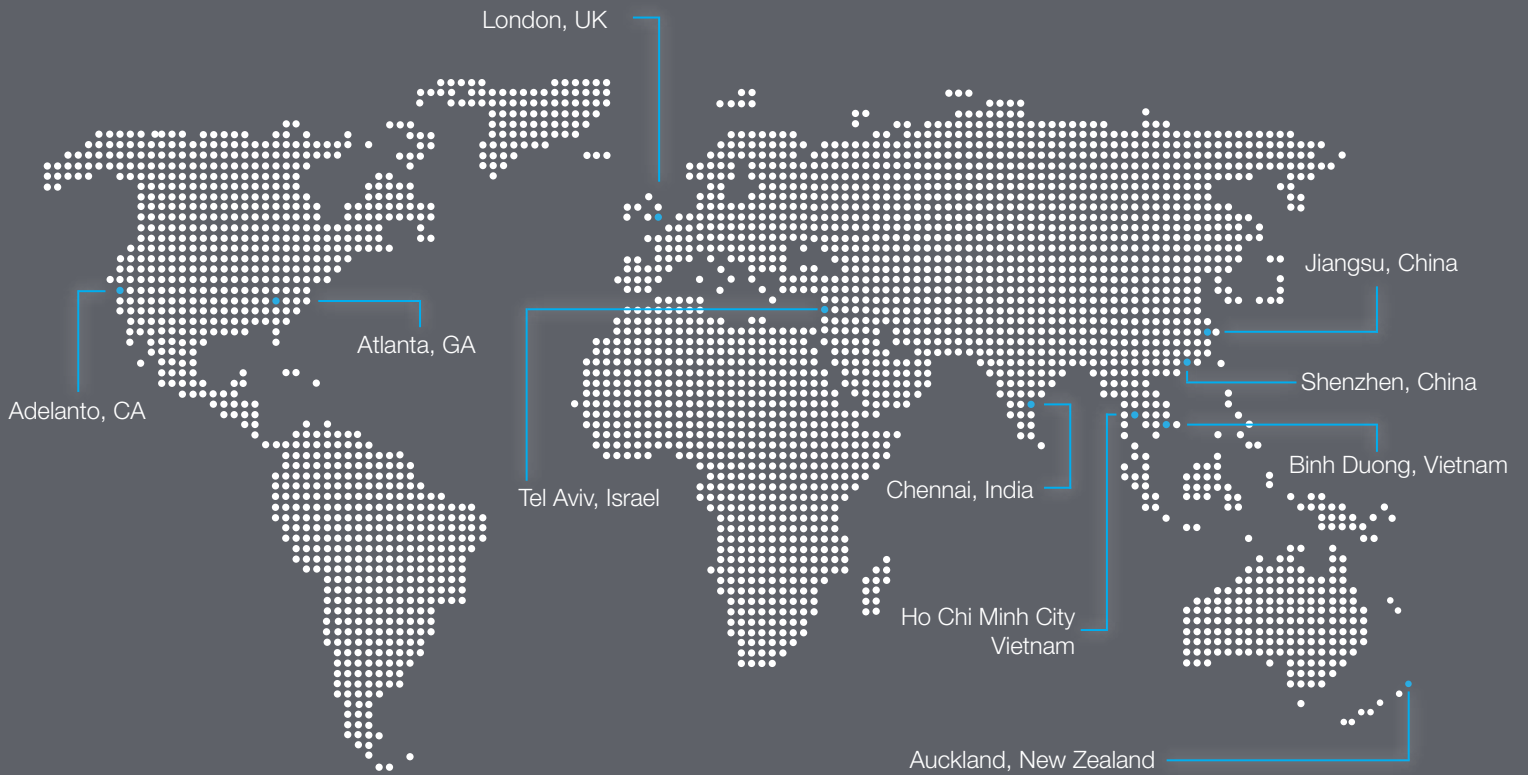




Freight and Lead Times

On the next page, we will discuss what you should plan for to avoid delays. A common theme you'll find woven through that section are delays centered around freight. It can cause major headaches, but rest assured that you do have options to shorten delivery lead time. The two most common transport options are sea or air. If you find yourself in a situation where time is of the essence, air freight will be your friend. It is faster, safer and more reliable than ocean, but conversely more expensive. It is best used when the cost of shipping is less than 15-20% of the value of the goods.

Ocean freight, however, is your most economic shipping solution and allows for higher capacity than a plane, but is significantly slower. It's important to think through your chosen method because, in most cases, once a truck leaves the factory for the port, it cannot be called back in order to be switched to air.



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Planning is bringing the future
into the present so that you can
do something about it now.

-Alan Lakein

”

Planning to Avoid Delays

In an ideal world, each production run would go exactly how you envisioned and the operate with the fluidity of a well oiled machine. But realistically, you will likely experience some unforeseen delays every now and then. Some may be out of your control while others can be mitigated by simply taking the time to plan ahead.

Holiday delays should be one of the easiest events to plan for because they occur annually, however, each year we see companies fail to get ahead of these national events, and they find themselves struggling to fill orders while factories are closed. Our Complete List of International Holidays for Manufacturers can help you stay ahead of the curve.

Peak seasons, such as Christmas, can cause logistics delays as importers are all rushing to get product to their warehouses. In some cases, containers could be unexpectedly rolled to the next vessel which means a longer delivery time. If you're not equipped with safety stock for these situations, you could find yourself in trouble.

Changes in regulation are a continual pain point in global manufacturing, and it is imperative to stay on top of these so you don't find yourself stuck in a situation where suddenly companies are rushing to import as much as possible before increased tariffs, for example, go into affect and you're suddenly having trouble booking a vessel or getting your goods delivered on time.

Industry knowledge and an understanding of market trends, such as the electronic component shortage, can also aid in this proactive approach. Subscribing to reliable blogs, industry newsletters, and partnering with a manufacturer with dedication to strong communication can prove invaluable. You can find a list of helpful blogs [here](#).



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