How to Create a Shortage Attack Team
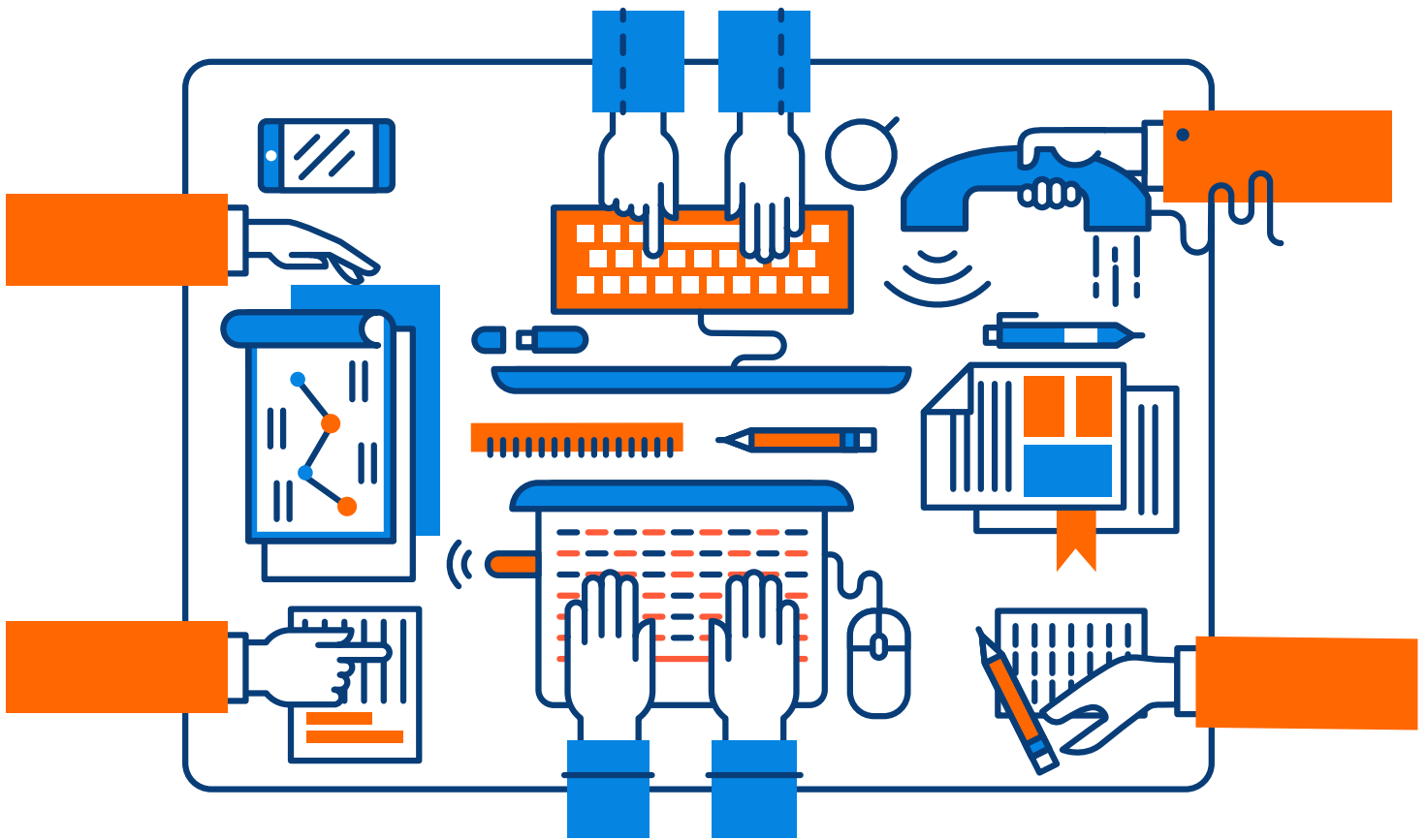
Improve On-Time Delivery Quickly with a Best-Practice Approach to Shortage Reduction

LeanDNA

Contents

Why We Need a New Approach to Shortage Management

Today, manufacturers around the world are facing unprecedented market volatility, demand fluctuation, and limitations to supplier capacity. For your business, this translates to spiking material shortages and production stoppages that hinder cash flow and jeopardize customer relationships. For your buying teams, it means constant firefighting, stress, and burnout.

But these challenges don't have to overwhelm your supply chain organization. With a strategic, sustainable approach to shortage management, your procurement team can operate with the confidence that they're addressing the most urgent shortages each day. In this guide, we'll show you how deploying a Shortage Attack Team can help you re-establish operational command at every level of your supply chain organization and drive lasting improvements to customer on-time delivery.
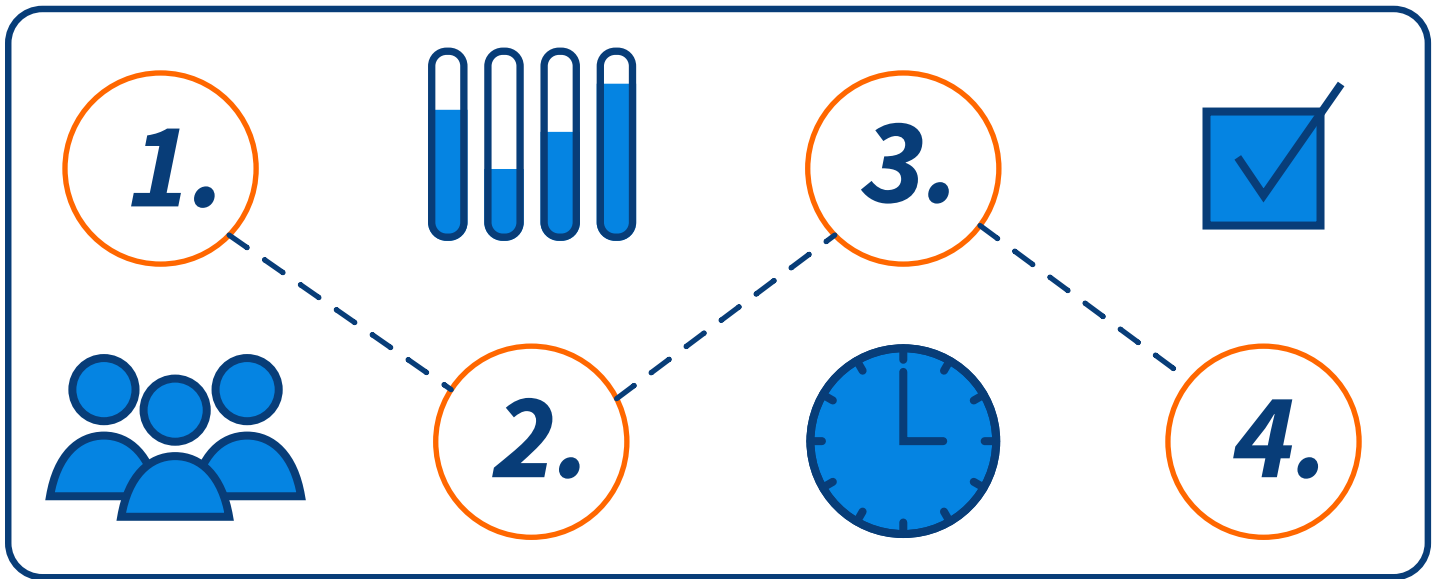
What is a Shortage Attack Team?

The Shortage Attack Team is an operational framework we recommend to help global manufacturing teams improve on-time delivery by prioritizing and resolving current and future shortages impacting production.

"If you're like most manufacturers, handling shortages is a daily occurrence, often managed through complex spreadsheets, long meetings, and constant emails," says LeanDNA CEO Richard Lebovitz. "The Shortage Attack Team model provides a way to take your existing tools, processes, and data further for even better on-time delivery results."

Read on to learn how the Shortage Attack Team achieves this by leveraging your existing shortage data, defining a prioritization methodology for shortages, and building repeatable communication processes with the right players on your supply chain team.

Signs Your Team Will Benefit From This Approach

LeanDNA works with dozens of procurement teams every day—if you're experiencing some of these telltale challenges, a Shortage Attack Team might help.

- Heightened market volatility makes it near-impossible for buyers to know which shortages to address first.

- Your business encounters crisis after crisis in meeting customer delivery commitments.

- It feels like your buying team is never able to escape fire-fighting mode.

- Team members are burnt out and disillusioned from fighting the same daily battles.

- You know your teams could perform better in meeting customer needs, if only they had the right tools and training.

Key Outcomes to Expect

As your Shortage Attack Team tackles the most critical daily actions to resolve current and prevent future shortages, you can expect outcomes like:

- Heightened visibility of critical shortages and supplier performance

- Improved internal and external collaboration on shortage issues

- Faster shortage resolution and reduced downtime

- Increased on-time delivery and customer retention rates

Step 1: Align on the Best Shortage Prioritization Methods for Your Team

We know shortage prioritization requirements differ from one factory and team to another. The most effective procurement teams we work with use some combination of the methods below. We'll provide an overview of each approach.

Depth of Delay

Which shortages have the greatest misalignment between supply and demand?

For each shortage, calculate the number of days between the demand need date and the associated supply delivery date. Identify shortages with the longest depth of delay, and address them first.

Revenue

Which parts are impacting the most revenue?

If your top-level end items or customer orders are linked to each requirement in your ERP, calculate the dollar value of the end item or order impacted by the component shortage. Identify those shortages (even of low-cost component parts) that impact high-dollar-value end items, and address them first.

Customer Order Date

Which parts are impacting customer orders that are the most past-due?

Identify shortages pegged to the oldest customer need date, and address those first. This method can surface old and invalid demand in the system that needs to be cleaned up systematically.

Component Item Shortage Quantity

Which component parts have the most shortages?

Determine which component parts have the greatest shortage quantity and address those first. For example, if a single type of bolt is currently short 3,000 units, then it may impact hundreds of current or future customer orders. It could easily be a primary bottleneck shortage part.

Component Past-Due Demand Volume

How much of your demand is past-due?

Taking a component part-level view instead of a customer order or end-item view, identify component parts that have had a negative net quantity available on hand (i.e., subtract current available on-hand quantity from past-due demand) for the longest length of time, and address those first. These types of shortages can be driven by old demand in the system that needs to be cleaned up systematically.

Production Location

Does the shortage impact a critical production resource?

If your MRP system links demand to an associated production line or shop floor location, you can use this linkage to establish priority levels of impact to production. Identify shortages impacting work centers or locations that are on a critical path within the value stream or that may have the biggest impact to starting or finishing a job on time, and address those first.

Bonus: Spike in Future Demand (Preventative)

Has demand within the next few weeks or months drastically increased?

Identify likely potential shortages based on a significant increase in demand within a specific window of time in the future (e.g., two to four weeks, depending on your typical lead times). Use a basic average daily demand number as a baseline quantity, and then look at weekly requirement quantities that are in excess of that baseline by a certain amount.

Work with internal technical resources on your IT or business intelligence teams—or use a software platform like LeanDNA—to adopt the shortage prioritization methods that work best for your business. The goal is to develop the ability to attach a priority level to each individual shortage on a daily basis.

"By standardizing your shortage management reporting tools and processes, your teams can focus on the tactical actions that will directly impact customers."
—Richard Lebovitz, CEO, LeanDNA

Step 2: Identify Your Shortage Attack Team Members

Select representatives from the supply chain or procurement teams at each site across your organization and get their buy-in to participate in this cross-functional initiative. Below are the stakeholders we recommend you tap to serve on your Shortage Attack Team.

Shortage Attack Team Lead

A senior procurement or planning manager in the supply chain leader's team who has deep knowledge of the purchasing and production processes. This person should understand the impact critical shortages are having on the production floor and customer commitments.

Planners

Provide important context on the production impact of individual shortages.

Site Supply Chain Leaders

Leaders of the site supply chain teams responsible for procurement, inventory, and other key supply chain functions.

Buyers

Execute the day-to-day work of managing inventory and helping reduce material shortages at a manufacturing site.

Production or Operations Leader

Needs to stay informed of progress on obtaining critical materials. This leader doesn't need to attend every Shortage Attack Team meeting, but should participate as needed.

Step 3: Establish Your Communication Cadence and Channels

The Shortage Attack Team members you've identified will be tasked with triaging shortages by criticality, and then coordinating resolution actions for each shortage. "By standardizing your shortage management reporting tools and processes, your teams can focus on the tactical actions that will directly impact customers," says Lebovitz.

Kick off your Shortage Attack Team

Once your team is established, the team lead facilitates a kick-off with site representatives to bring together the key players, get everyone up to speed on the purpose of the Shortage Attack Team, and set measurable goals to:

- Address the highest-priority shortages each day for immediate business impact

- Review and escalate shortages that can't be addressed to keep driving toward resolution

- Maintain shortage reduction and on-time delivery improvements over time

Set regular check-ins

Establish a review cadence for the top 5–10 percent of shortages to address per site, prioritized according to the methods your stakeholders agreed on in Step 1. The Shortage Attack Team Lead drives the review, discussing each high-priority shortage with the rest of the team.

We recommend your Shortage Attack Team meets at least weekly until the number of high-priority shortages is driven down to a level that no longer significantly impacts customer delivery commitments. In some instances, daily meetings may be required until shortages become manageable and critical customer issues are resolved.

Step 4: Drive Shortage Reduction Through Daily Accountability

With your team members identified and your meeting cadence established, your team is ready to start convening regularly to review and drive action on the most urgent shortages. Your team lead facilitates discussion, as site leaders and individual buyers report progress on their top priority shortages.

Establishing a common vocabulary around metrics and reports early on will aid collaboration as your team finds its groove. Continue the process week over week to drive sustained results and solidify new processes.

Shortage Attack Team Lead

- Leads review with full Shortage Attack Team on Mondays

- Reviews shortages and latest status updates

- Reassigns tasks as needed

- Intervenes on tasks that have hit roadblocks

- Updates the team on progress toward goals

- On Fridays, reviews top shortage actions and notifies team of outstanding items

Planners

- Provide context to aid the shortage prioritization process

- Adjust production plans to account for high-priority shortages

Site Supply Chain Leaders

- Facilitate the shortage prioritization process at their site

- Review top prioritized shortages at the site level daily

- Notify responsible buyers of action items

- See if they need support to complete tasks

- Share context on actions and blockers

- Advocate the Shortage Attack Team process throughout the organization

Buyers

- Review priority shortages assigned to them each day

- Work with suppliers to pull in specific PO lines or search for alternate supply sources

- Update the broader Shortage Attack Team on statuses and progress

- Record context, next steps, and blockers for each shortage task

- Reassign tasks as needed to keep tasks moving

- Identify tasks that have hit roadblocks and escalate to the right person

Production or Operations Leader

- Provides business context to steer shortage prioritization process

- Attends Shortage Attack Team meetings to stay informed and communicate with the shop floor, as needed

Tips for Success

Resolve The Top 5–10% of Shortages Within The Week

- Tackle urgent issues based on your prioritization rules, then move on to the next priorities

- Set due dates to capture expected resolution

- Determine how long an unresolved issue should remain open and who is accountable

Set Realistic Goals Around Metrics Like These

- Reduction in volume or percentage of critical shortages

- Time it takes to resolve critical shortages

- Target customer on-time delivery percentage for the quarter or year

Gradually Increase The Volume of Tasks

- Strike a balance between quantity and value of shortage action items

- Aim to accomplish 10 shortage resolution tasks per day for rapid, meaningful results

Escalate Issues to Drive Resolutions

- Inform up the ladder or to adjacent departments by reporting statuses to a broader group

- Identify who will take a required action by reassigning to the right person

Celebrate Successes

- Incentivize or gamify Shortage Attack Team outcomes

- Regularly recognize individual achievements

- Publicize key results to the broader organization

Pitfalls to Address Promptly

- Dwindling team participation

- Increase in number of overdue shortage action items

- Escalated items being ignored

Bringing It All Together

"Having hundreds of critical shortages and irate, unhappy customers puts your team under extreme stress and leads to burnout," says Lebovitz. "In contrast, when critical shortages are under control, your team members feel more confident and empowered to focus on operational efficiency and inventory optimization."

The Shortage Attack Team framework makes critical shortages manageable, and provides a standard work model for maintaining improvements over time. By involving the right people, defining regular communication touchpoints, and prioritizing shortages using the best methods for your business, you can regain operational command amid widespread supply disruptions, reduce daily firefighting, and drive lasting improvements to on-time delivery and cash flow.

Quick-Start Checklist

☐ **Define your shortage prioritization method(s)**

    ☐ Revenue

    ☐ Depth of Delay

    ☐ Customer Order Date

    ☐ Component Item Shortage Quantity

    ☐ Component Past-Due Demand Volume

    ☐ Production Location

    ☐ Spike in Future Demand (preventative)

☐ **Identify your team members**

    ☐ Shortage Attack Team Lead

    ☐ Site Supply Chain Leaders

    ☐ Buyers

    ☐ Planners

    ☐ Production or Operations Leader

☐ **Establish communication cadence and channels**

    ☐ Review top priority shortages weekly

    ☐ Address action items throughout the week

    ☐ Update constituents on progress and blockers

    ☐ Share out the Shortage Attack Team process to stakeholders

☐ **Create accountability for top priority shortages**

    ☐ Who owns the action?

    ☐ What's the next step?

    ☐ What's the status?

We're Here to Help

To learn more about how LeanDNA can help you implement a Shortage Attack Team in your organization, reach out to our team of supply chain experts today.

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