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CASE: Katz Carpeting

Josh Wallace, president of Katz Carpeting, had much on his mind. The end-of-year performance numbers for the carpet manufacturer were below expectations. Inventories of carpets were high, yet they had frequently been out of stock of items customers wanted. It seemed that the plant was producing a lot of what they already had, yet not enough of what was needed. Quality was also becoming a problem, with customers frequently returning carpeting for rips or incorrect dye color. It seemed to Josh that operations was not doing its job. Something had to be done.

Background

Katz Carpeting is a manufacturer of high-end commercial and residential carpeting. Katz produces two product lines of carpeting. The first line, a group of standardized products called "standards," is sold through catalogs and samples available at retail sites. The second line is "specials," carpet products made to customer specifications of color and pattern. Currently, the volume of business is approximately evenly divided between standards and specials.

At Katz, standards and specials are made using a line operation and sharing the same facilities (see Figure 7-7). Production

of standards is made in a predictable and easily timed manner. The process begins with making the dye in large vats and dying the yarn. The yarn is then rolled, bonded, and added to a backing. The product is then cut and sent to shipping.

Production of specials is not as simple. The dying and weaving processes of specials are considerably more difficult due to the time necessary to ensure the dyes are correct. Colors of standards are well established. However, colors of specials require an initial trial dying before full dying can begin. Also, patterns are frequently requested in special orders, and each pattern is typically unique. Because of the customized nature of producing specials, the time required for production is much longer, as is the cost involved.

At Katz, the marketing department is responsible for generating forecasts, taking orders, and establishing due dates. This information is passed on to operations on a weekly basis, and a production schedule is made. Information on special "rush" orders is passed on daily, and requests are frequent. Operations tries to meet all the orders and produce extra inventories of standards to be prepared for unexpected demand.

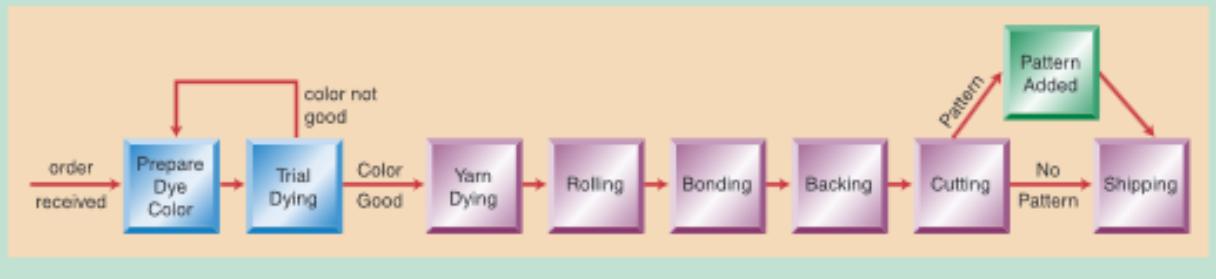
FIGURE 7-7

Production process at Katz Carpeting

(a) Production of standard
Setup time: 15 minutes



(b) Production of specials
Setup time: 2½ hours





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