2501 Washington Street
Midland, MI 48642, USA
info@sologic.com

Example[1] Root Cause Analysis Report

Focal Point: Missed two Go Juice shipments to customer

Report Number: 522049
Report Date: 10/25/2012
RCA Owner: Marcus Johnson

Problem Statement

Focal Point Missed two Go Juice shipments to customer

When

Date:	05/08/2012 - 08/14/2012
Start Time:	8 a.m.
Unique:	After new program load, and during peak demand period for Go Juice

Where

Business Unit:	Go Juice
Location:	Houston, TX
Facility:	Ingredient supplier packaging line and Go Juice formulation line

Impact

	Actual	Potential	Cost:
Revenue:	Lost Sales		$250,000.00
Customer Service:	Customer Complaint		$0.00
Cost:	OT, expedited shipping		30,000.00
Total:			**$280,000.00**
Frequency:	2 times overall		

[1] Note: This is an example only! All information used in this report comes from the public domain. It is intended to demonstrate the steps and format of the Sologic™ root cause analysis method and Causelink™ software. For questions or comments, please contact us at www.sologic.com

Report Summaries

Executive Summary

We missed two regularly scheduled shipments of Go Juice to our customer resulting in a $280,000 lost profit opportunity. We missed the shipments because we had no inventory of Go Juice because we did not have the necessary ingredients to complete the formulation. This was caused by our ingredient supplier missing two shipments to us due to labeling problems in their packaging operations. Normally we carry some small amount of Go Juice in inventory, and the supplier normally carries some small inventory of ingredient, however, strong demand as of late (due to the increased sales) and JIT inventory strategies combined to catch us without sufficient inventory on hand to cover the shipments.

Solutions to prevent recurrence include: 1) Implementing a new step in product forecasting to improve accuracy of inventory planning by both us and our suppliers, 2) Adjusting our re-stock trigger points, and 3) Our ingredient supplier is making corrections for label printer porting, code change testing, and management of change.

Cause and Effect Summary

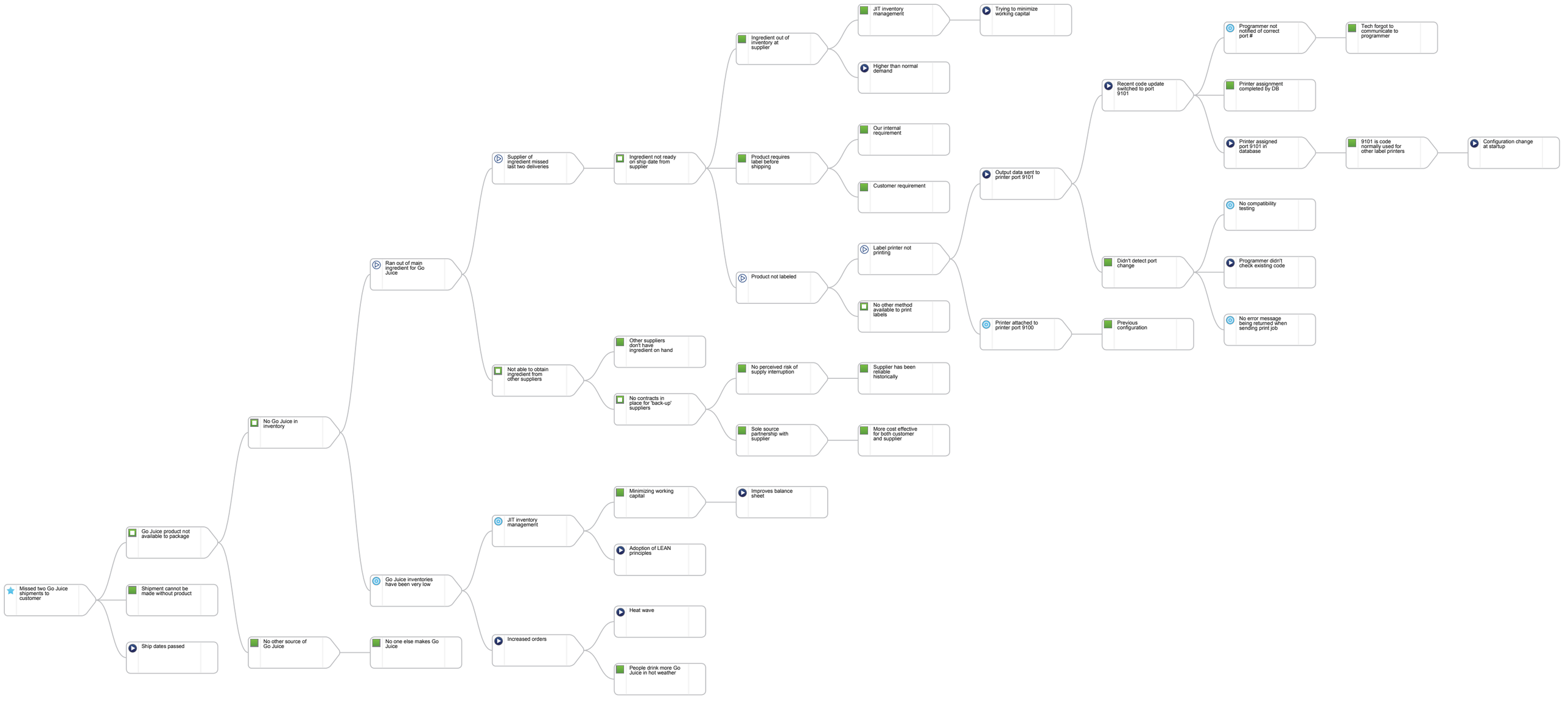
We missed two regularly scheduled shipments of Go Juice to our customer resulting in a $280,000 lost profit opportunity. We missed the shipments because we had no inventory of Go Juice because we did not have the necessary ingredients to complete the formulation. This was caused by our ingredient supplier missing two shipments to us due to labeling problems in their packaging operations. Normally we carry some small amount of Go Juice in inventory, and the supplier normally carries some small inventory of ingredient, however strong demand as of late (due to the increased sales) and JIT inventory strategies combined to catch us without sufficient inventory on hand to cover the shipments. Demand has been strong due to the heat wave and because Go Juice sells well during heat waves. JIT inventory management has only been in place a short time as a result of our LEAN efforts, so our re-stock trigger points may be set too tight.

Our ingredient supplier missed their last two shipments to us because they had no excess ingredient inventory (also due to JIT inventory management) and because they couldn't label the product containers that were ready. They couldn't label because their label printer was not working because of a printer port assignment problem that occurred after they had a programming code change. They did not catch the port assignment problem because they didn't do compatibility testing, the programmer didn't check the prior port assignment, and they did not receive any error messages from the printer.

Solutions

ID:	Label:	Item:
1	Cause:	JIT inventory management
	Solution:	Adjust inventory restock points upward to require 10% safety stock on hand
	Assigned:	Sarah Ferguson
	Due:	10/31/2012
	Est. Cost:	$0.00
3	Cause:	No compatibility testing
	Solution:	Implement new SOP to require dry-run testing on all code changes
	Assigned:	Bob Hughes
	Due:	10/31/2012
	Est. Cost:	$0.00
6	Cause:	Printer attached to printer port 9100
	Solution:	Attach printer to port 9101 balancing
	Assigned:	Bob Hughes
	Due:	10/31/2012
	Est. Cost:	$0.00
7	Cause:	No error message being returned when sending print job
	Solution:	Update code to return an error message if print job doesn't start
	Assigned:	Aiden McShane
	Due:	11/16/2012
	Est. Cost:	$0.00

9	Cause:	Programmer not notified of correct port #
	Solution:	Add code change review to "Management of Change" checklist
	Assigned:	Marie Gonzales
	Due:	10/31/2012
	Est. Cost:	$0.00
11	Cause:	Go Juice inventories have been very low
	Solution:	Notify ingredient suppliers of anticipated demand spikes so they can build inventory
	Assigned:	Sarah Ferguson
	Due:	10/31/2012
	Est. Cost:	$0.00
12	Cause:	Go Juice inventories have been very low
	Solution:	Add new step in product forecast process that accounts for upcoming weather. If hot weather is in the 2-3 week forecast, ramp up projections internally and order more from ingredient suppliers
	Assigned:	Sarah Ferguson
	Due:	11/30/2012
	Est. Cost:	$0.00



Cause Type Legend

- Transitory
- Non-transitory
- Omission - Transitory
- Omission - Non-transitory
- Focal Point
- Solution Implemented
- Undefined