

Catalog and Customer Lead Time

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1. Objective and Focus

The **objective** of this content is to define and enforce a leadtime policy between our customers and our operations that satisfies:

- Product Managers & Commercial as part of their “going-to-market” strategy
- Supply Chain as main input for the Stockholding strategy

The proper management of customer related leadtimes is an **enabler** for the Stock-Holding Strategy definition

The proper management of customer related leadtimes is a **pre-requisite for increasing the customer requested OTIF**. It ensures that:

- All stakeholders are aligned on the same and coherent definition of the leadtimes (manufacturing, planning, logistics, transportation, customer service, commercial)
- Leadtimes take into account buffers, making the requested leadtime “feasible” in many circumstances and are properly communicated to customers

The **main focus** of this document is given to:

- The End-to-End management of customer related leadtimes
- An initial definition and ongoing management of the customer leadtimes
- The communication of the customer leadtimes to the various stakeholders
- The monitoring and enforcing customer leadtime adherence

2. Definitions

Main definitions (sequential order):

Catalog Leadtime:

- **Starts from** “Order Entry Date” (=date of **creation of Sales Order in SAP**, does not take the date PO date of the customer) and **runs until** the goods are available in the warehouse and **ready to be picked**
- The catalog Lead time Covers the time for manufacturing the goods or not (MTO vs MTS) and plays a major role in setting **SHS/Stock-Holding-Strategy**

Pick-Pack Leadtime:

- **Starts from** the date the goods are available in the warehouse and **ready to be picked** and **runs until** the goods are available in the shipping area of the warehouse and **ready to be loaded for transportation** (zero for bulk storage)

Transport Planning Leadtime (catalog + Pick-Pack):

- Includes booking the transportation and Preparing transportation as well as export checks and paperwork (Road (Local): typically from 2 to 4 days; Maritime/Air (Export): typically from 10 to 20 days)

Loading Leadtime:

- **Starts from** the date the goods are available in the **shipping area** of the warehouse and ready to be loaded on a Truck/Train and **runs until** the **goods-issue has been posted in SAP**, (i.e., transportation running and goods are in transit to customer)
- **Includes the 1st road leg** from the DC/plant to the harbor or airport, the time to **load the ship or plane** and the **time waiting for the departure** of the ship or plane (Goods-Issue is only posted when Plane/Ship have departed)

Transit Leadtime:

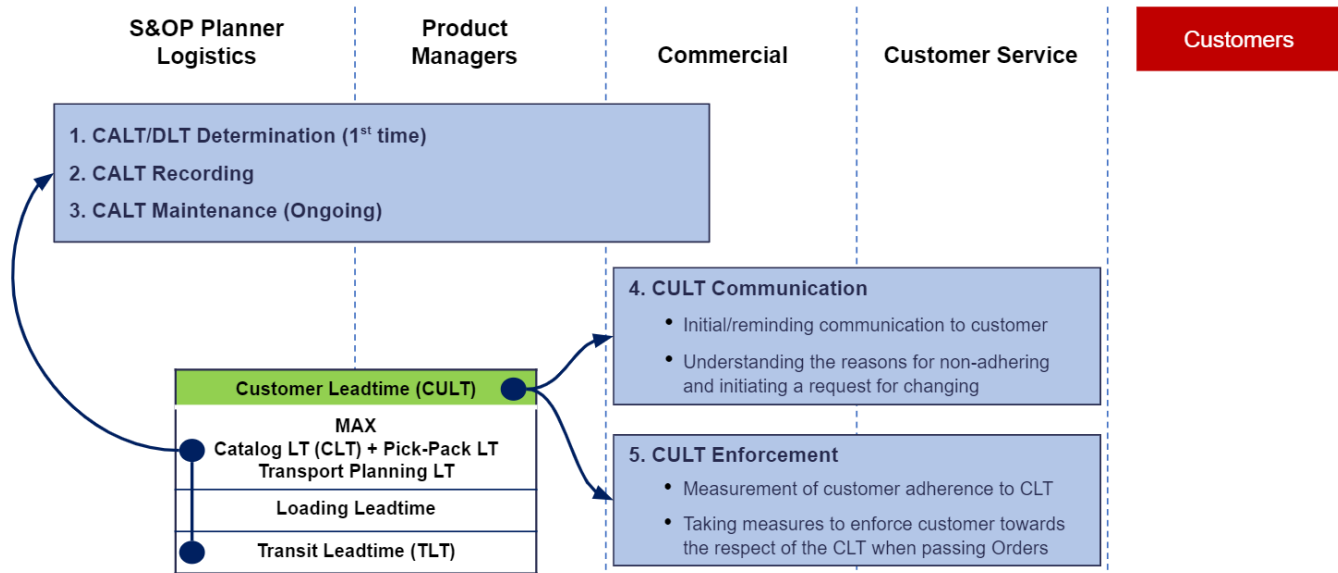
- **Starts from** actual Goods-Issue and **runs until** the actual receipt of goods at the **customer premises**
- Beyond transportation, must take into account **“Customs Clearance”** time where applicable

Customer Leadtime (CULT):

- Customer lead time is calculated as follows (CULT = Max (Transport planning lead time OR (Catalog + Pick-Pack)) + Loading leadtime + Transit leadtime
- The CULT is the leadtime to be communicated & enforced towards the customer

[Click here to find an illustration of the total lead time](#)

Lead Time Management Process:



3. Determination of Catalog Leadtime

Catalog Leadtimes result out of multi-disciplinary 4steps phased approach:

1. Setting the Market CULT Expectations & CALT Requirements
2. Understanding SPEED Importance
3. Setting the SHS optimizing inventory & SPEED
4. Adjusting CALT to operations

[More details on the approach here](#)

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