

If two brands have many components that are different from existing brands, then the cost and time to make production line changeovers will be great. During changeover, the production line is shut down and operating capacity is zero.

One of the goals of modern manufacturing is to reduce changeover time and cost. If the changeover time can be reduced, then manufacturing will be free to produce as many brands as marketing is likely to want. The ultimate goal is mass customization, one model for every customer.

YOUR TASK

You may wish to invest in R&D to improve changeover equipment, materials, or procedures.

DECISION TIP

When you invest to improve changeover in one quarter, the resulting efficiencies are carried over to subsequent quarters.