**Release Fluctuation Standard Procedure**

**Frozen weeks:** Current and the following two week should not be modify unless we received a significant change on customer demand that could impact their operation and should be notify to production control team.

**Variations within weeks:** Lines requirements can increase 25% per week until we raise the maximum capacity on a 100%, if requirement is over Line’s maximum capacity, Production Control must provide an Over Time and Operational cost associated to the increment. Production team requires additional personnel on an increase on releases; personnel need to develop ability to raise an optimal rate per hour based on a daily goal.

**Line shut down due customer demand**: A four week lead time is require to stop producing considering a 4-week stoppage at least. For restart of production, requirement must be on 50 / 75 / 100 until number is up to normal release.

**Requirement over line’s capacity (spikes):** Production control team communicates to scheduling team all lines that require OT on a weekly basis. Production Control provides the OT cost associated for each weekly requirement that is scheduled above line’s maximum quoted capacity. Based on Scheduling review with customer, OT is approved and charged to customer or absorbed by Empire. In case Schedulers can provide minimums, a recovery plan is develop. (Production capacity rates are based on “Line Capacity Report” used by Production Control and sent to Scheduling team as well).

**Requirement over line’s capacity:** If requirements are constantly for over 8 weeks, Production team request an additional capacity to comply with the releases scheduled by an authorization form that must be sign by Production Scheduling Supervisor / Program Manager / Sales Manager that includes all cost associated to the increment. In the meantime, OT is approved and scheduled to comply with the requirements.

**Release fluctuation on FG PO’s:** Production Control team identifies all fluctuations on FG PO’s received every Wednesday and prepares a leveling plan that Scheduling team authorized. *RF on production orders causes Raw Material Shortages, Raw Material Excess, OT cost, Quality Issues, Premium Freight Cost, FG Inventory Excess, FG Inventory Shortages, etc. (view annexed 1)*

**Annexed 1**

**Fluctuation impact in Empire Electronics Honduras:** The fluctuation of the releases can be either one of the following two situations, if we have spikes, short term increases or if the order decreases, the effects of these scenarios are the following:

When the orders increase,

1. Production team will need to hire personnel.
2. Production team will need to run overtime.
3. Procurement team will have critical materials if the increase is in a short term, the lead time of the raw materials will not be accomplished.
4. If we have critical materials, Production Control team will have to decrease the requirements on the FG that is affecting or other FG’s that share the same raw material and adjust them to the material’s availability. Affecting the plant standard cost.

When the orders decrease,

1. Production Team should carry the personnel assigned to production line affected and wait until the orders come back again to the steady numbers.
2. Personnel will need to be fired if the orders won’t increase again.
3. On the procurement side, will cause excess inventory or obsolete Material.