Time-based Competition

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Contents

1. Success factor in management
2. TBC Definition
3. Two kinds of TBC
4. Case Analysis
Success Factor

- Response time
- Lead time
- On time
- Just-in-time

Definition

- In 1988, HBR entitled “Time-The Next Source of Competitive Advantage” by George Stalk, Jr. from BCG

- Definition: A broad-based strategy which emphasizes time as the major factor for achieving competitive advantage

- Goal: Compress the time required to propose, design, develop, manufacture, market and deliver its products
Two way of TBC

• Fast to market

• Fast to produce

Fast to market

• Emphasize reductions in design lead-time

• The ability to minimize the time to develop new products or make rapid design changes

• Increase barriers to entry by competitors
Fast to produce

- Emphasize speed in responding to customer demands for existing products

Summary

TIME-BASED COMPETITION

FAST-TO-MARKET
- Product Development Cycle Time
- New Product Introduction

FAST-TO-PRODUCE
- Production Lead Time
- Delivery Speed

Barriers to Entry
- Inventory Reduction
- Cost Reduction
- Revenue Enhancement
Case: Chrysler in crisis

- In 1980’s, Chrysler had been in crisis for 10 years
- Japanese car makers’ quality and technology have already exceeded Chrysler’s
- To compete with Japanese car maker, Chrysler had to reduce time-to-market (originally 4~6 years → 3 years)

Chrysler’s traditional method

- Sequential development followed by Master Time schedule.

- ‘Throw over the wall’
  → Time delay and surplus cost
**Change and Implementation**

- Promote Gardner as a director of project.
- Organize 4 cross-functional teams.
- Launch new platform LH series.
- Gardner convince that his team can create new car within 39 months (*Japanese car makers already did it*)

**Change and implementation**

- To communicate among team members more efficiently..
  - Gather all members in same place
  - All members use same computer system
  - Approach to consensus together
    - Not command of top management
    - Eliminate confliction among departments
Result

- Finally, in 1992, amazingly successful cars are launched in market.
- Reduce 25% of develop cycle time
- Reduce 30% of cost

Reference

- http://rockfordconsulting.com/cyc.htm
Q & A