Handling Variances - OVAR

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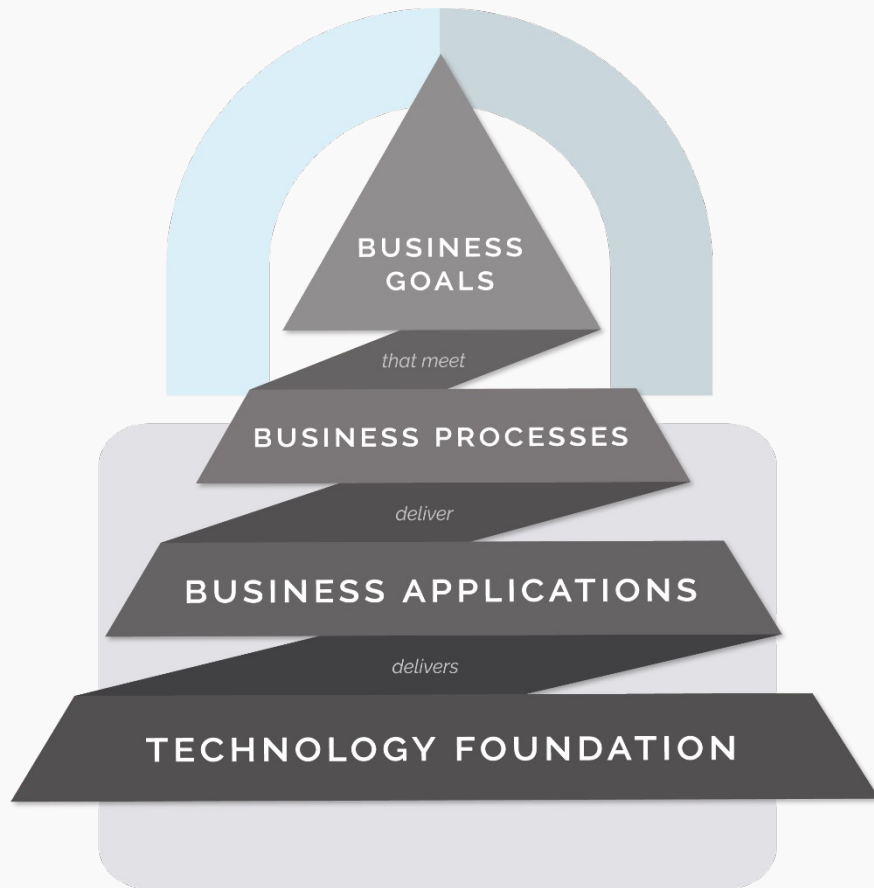ICG

Today's Agenda

01 OVAR and its owner.

02 OVAR parameters.

03 OVAR reports.

04 OVAR Analysis.

05 Do I need to fix OVAR?

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The ICG Approach

To compete, technology must be core to the foundation of your business. Without a solid & flexible technology foundation, your business—no matter what you do—will struggle to deliver business applications & processes. ICG's approach is to architect a secure technology foundation that delivers all business applications & processes. This is referred to as perpetual evolution and allows businesses to continually upgrade their digital capabilities and the foundation underneath them.

OVAR and its owner

01

What is OVAR?

OVAR is Fourth Shift Order Variance Analysis Report.

OVAR analyzes Closed Order Lines to determine if WIP adjustments are needed.

Compares Standard production vs. Actual production (Order).

02

Who is OVAR owner?

Financial area is NOT "THE" responsible for Variance Analysis.

OVAR GL Batch and financial area should receive the "Numbers" about true variances on production.

Analyze and fix OVAR Exceptions is responsibility of Manufacturing area (Material Control).

OVAR is FEEDBACK of your production (MOs and POs type S), then Manufacturing area is the one that knows what happened and can find how to improve production process.

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OVAR parameters

01 Tolerance Limits: O99 U99

02 Order and Report Types: P,M,C,CC,CX; S/D

03 Additional Items to review: R,X,T

04 Tolerance Cost (Unit Cost): A9...9

05 Waiting Periods and Inventory: W99, I, H, Z999

06 Order Number Range: Fxxxxx Exxxxx

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OVAR parameters

⚡ Tight Parameters on Tolerance Limits.

⚡ O* U* objective.

⚡ O* U* + not look material issue.

⚡ O* U* + not enough wait time.

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OVAR reports : OVARE (Reconciliation)

CYCLE TIME, INC.

Function: OVAR

Order Reconciliation Report

O ORDER S NUMBER	PT LN# USE	BYR SEQ PLN COMPONENT	--------------- EXCEPTION CONDITION --------------- THEOR QTY	QTY ISS	O/U%
M TRAIN-1	001 10	010 320 AT-200	22.2222222	22.22	0.0
M TRAIN-1	001 10	010 320 AT-300	13.8888889	13.89	0.0
M TRAIN-1	001 10	010 320 AT-400	8.88888889	8.89	0.0
M TRAIN-1	001 20	020 320 WC[R]FAB	1.5	3	100.0
M TRAIN-1	001 30	030 320 WC[R]FAB	.5	.1	80.0-
M TRAIN-1	001 20	020 320 WC[R]PAINT	.5	.1	80.0-
M TRAIN-1	001	320 RELATED M/R/B/U/C LN ACTIVE/WITHIN WAIT DAYS			

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    TOTAL NUMBER OF LINE ITEMS WITH EXCEPTION CONDITIONS :      49

    TOTAL NUMBER OF LINE ITEMS CHANGED TO STATUS 6        :       2

    TOTAL NUMBER OF LINE ITEMS CHANGED TO STATUS 7        :       0

    TOTAL NUMBER OF ORDERS DELETED                       :       6
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CYCLE TIME, INC.

Manufacturing Order Variance Report

Function: OVAR

Order Number	Ln# Typ Plr	Family Item/ Description	Qty Ordered	Qty Received	Planned	Actual
MO-102	001 M MFG	PRODUCT1	2200	0	0.000	8,826.000
		FINISHED PRODUCT 1				

Cust Item: Desc:

Product Line: DEFAULT-PROD-LN   Desc: DEFAULT PRODUCT LINE

Variance Summary:

Issue Variance	Yield Variance	Scrap Variance	Mtl Subst Variance	Labor Variance	Overhead Variance	Methods Variance	ByProd/Tool Variance	Std Cost Variance	Roll-Up Variance	Total Variance
11,596.000-	19,096.000	0.000	0.000	610.930	182.700	32.370	0.000	500.000	0.000	8,826.000

Comp/Resource	Description	UM	C T	Qt/ Lt	M B	Pt Use	Seqn	Scr Pct	Theor. Quantity	Iss/Rcv	Qty Var	Value Var	% Var
WC[S]CUT	CUT & DEBUR SETUP	HR	R	O	M	CUT	100	0.0	0.0	0.3	-0.3	-13.5	0.0
WC[R]CUT	CUT & DEBUR	HR	R	I	M	CUT	100	0.0	0.00	25.00	-25.00	-812.50	0.00
WC[C]CUT	CUT & DEBUR COMPLETION	EA	R	I	M	CUT	100	0.0	0.00	0.00	0.00	0.00	0.00
PURCHASED1	PURCHASED MATERIAL 1	IN	N	I	B	CUT	100	0.0	0.0	25000.0	-25000.0	-7500.0	0.0
WC[S]FMC	FLEXIBLE MACHINING CENTER SETUP	HR	R	O	M	FMC	200	0.0	0.0	0.0	0.0	0.0	0.0
WC[C]FMC	FLEXIBLE MACHINING CENTER COMPLETION	EA	R	I	M	FMC	200	0.0	0.00	0.00	0.00	0.00	0.00
WC[R]FMC	FLEXIBLE MACHINING CENTER	HR	R	I	M	FMC	200	0.0	0.00	0.00	0.00	0.00	0.00
WC[R]ASSEMBLY	FINAL ASSEMBLY	HR	R	I	M	PROD	300	0.0	0.0	0.0	0.0	0.0	0.0
WC[C]ASSEMBLY	FINAL ASSEMBLY COMPLETION	EA	R	I	M	PROD	300	0.0	0.00	0.00	0.00	0.00	0.00
PURCHASED2	PURCHASED MATERIAL 2	EA	N	I	B	PROD	300	0.0	0.0	0.0	0.0	0.0	0.0
WC[S]FINAL TEST	FINAL TEST SETUP	HR	R	O	M	TEST	400	0.0	0.0	0.0	0.0	0.0	0.0
WC[R]FINAL TEST	FINAL TEST	HR	R	I	M	TEST	400	0.0	0.0	0.0	0.0	0.0	0.0
WC[C]FINAL TEST	FINAL TEST COMPLETION	EA	R	O	M	TEST	400	0.0	0.00	0.00	0.00	0.00	0.00
WC[S]PACKAGE	FINAL PACKAGE SETUP	HR	R	O	M	Z-END	500	0.0	0.0	0.0	0.0	0.0	0.0
WC[R]PACKAGE	FINAL PACKAGE	HR	R	I	M	Z-END	500	0.0	0.0	0.0	0.0	0.0	0.0

OVAR reports:

Variance Report

Detailed Component Variances. Theoretical Required Vs Actual Quantities.

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Variance Matrix

	Material Usage Variance	Labor Variance	Overhead Variance	Standard Cost Variance	Misc Variance
Issue Variance	11,596.000-				
Yield Variance	19,096.000				
Scrap Variance	0.000				
Mtl Subst Variance					0.000
Labor Variance		610.930			
Overhead Variance			182.700		
Methods Variance					32.370
Byprod/tool Variance					0.000
Std Cost Variance				500.000	
Roll-up Variance					0.000
Total Variance	7,500.000	610.930	182.700	500.000	32.370
				Grand Total:	8,826.000

OVAR reports :

Variance Matrix

OVAR Analysis

01

Reasons for Variance.
BOM's, Labor, Substitutions, Receptions, Production Processes, Scrap, Costing.

02

Use it to support Company decisions.
Vendors, Training, Machines, Vacation Schedules, BOMs review, Costing Updates.

03

OVAR Frequency.
Daily, at least Weekly.
NOT Monthly, please. Is my company an exception?

Do I need to fix OVAR ?

Fix the Cause, Not the Result.

Inventory Reconciliation.

Production Process Issues.

Retention of data: Lot trace, orders and history.
Based on regulated industry requirements.

Retention of Data hits OVAR performance.

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Questions?

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