



U.S. Department of Justice
Federal Bureau of Prisons

PROGRAM STATEMENT

OPI FPI/FPI
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Production Scheduling – FPI

/s/

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1. PURPOSE AND SCOPE

To establish Corporate policies regarding the development and maintenance of production schedules in Federal Prison Industries (FPI) factories and ensure that the benefits of using the Shop Floor Control (SFC) and Material Requirements Planning (MRP) modules of **Millennium** are attained at locations implementing these modules. To the extent feasible, the AW/SOI must ensure that appropriate **Millennium** training is provided to staff in the performance of duties outlined in this Program Statement.

Any reference to Associate Warden, Industries and Education (AW), or Supervisor of Industries (SOI) in this document is delegated to the Factory Manager for those factories without an AW or SOI.

a. **Summary of Changes.** Changes to this Program Statement include:

Policy Rescinded

P8340.08 Production Scheduling – FPI (6/25/2001)

- Requirements are established for local standard operating procedures to maintain the **Millennium** system.
- Responsibilities are more clearly defined for using **Millennium** tools and reports to establish and maintain production schedules.
- Production schedule stability is better defined and requirements are established to develop action plans to correct trends of poor production schedule stability.

- Guidance is provided for production schedule changes due to unanticipated production delays.

b. **Program Objectives.** The expected results of this program are:

- Inventory will be managed using the MRP module to plan and order raw materials, so that materials are received when needed and inventory levels reduced.
- Factory capacity will be managed effectively to identify work center overloads early in the planning process and allow sufficient time for adjustments to prevent delinquent customer orders.
- Delivery performance will be improved by establishing achievable production schedules and increasing schedule stability.
- Customers will be quickly informed by the Program Manager when their requested delivery requirements cannot be met.

c. **Institution Supplement.** None required. Should local facilities make any changes outside the required changes in the national policy or establish any additional local procedures to implement the national policy, the local Union may invoke to negotiate procedures or appropriate arrangements.

2. RESPONSIBILITIES

a. The **Associate Warden, Industries and Education (AW) or Superintendent of Industries (SOI)**(or Factory Manager for locations without an AW or SOI) will:

- Ensure that production schedules are consistent with production capacity and order delivery dates, allowing sufficient shipping lead time.
- Ensure that the MRP module is used to plan and order materials.

b. The **Factory Manager** will:

- Monitor incoming customer orders to ensure delivery dates are realistic and achievable and notify the Customer Service Center (CSC) within three working days if a delivery date cannot be met.
- Develop production plans to meet the required delivery dates of accepted customer orders.
- Ensure sufficient material availability by generating purchase requests for raw materials based upon recommendations of MRP Order Action Reports.
- Use Millennium picklists to requisition materials and work center dispatch lists to plan work center production.
- Monitor daily operations and the MRP Exception Report to ensure the production schedule is maintained.

- Approve any changes to the production schedule.

At the AW/SOI's discretion, many of the Factory Manager's responsibilities may be delegated to the Production Controller or the person responsible for production scheduling if the location is staffed accordingly.

3. PRODUCTION PLANNING

The Factory Manager will develop production plans that are consistent with the required delivery dates of customer orders and demonstrated factory capacities. These plans are reviewed monthly at the Operations Review Meeting, attended by the:

- AW/SOI (where applicable).
- Factory Manager.
- Business Manager or Operational Accountant.
- Quality Assurance Manager.
- Procurement Agent/Contracting Officer (where applicable).

Attendees assess the status of current operations and identify potential constraints that may prevent the production plan from being achieved successfully.

The Factory Manager identifies any areas for which required capacity is greater than demonstrated capacity and develops plans to address the capacity shortage through:

- Production order rescheduling.
- Hiring additional inmates.
- Overtime, as approved by the general manager.
- Other appropriate means.

If customer orders become overloaded to the extent that viable production plans, consistent with customer order delivery requirements, cannot be established, the AW/SOI confers with the Program Manager and the CSC and submits a written recovery plan to the General Manager that analyzes the overloaded condition's causes and identifies steps to prevent recurrence.

4. MATERIALS REQUIREMENTS PLANNING

The Stock Requirements List (MD04) is used to make purchasing decisions for materials as well as decisions for releasing production orders. Normally, the Factory Manager or designated production planner/scheduler generates these reports weekly, but they may be generated more or less frequently, depending upon:

- Volume and frequency of new orders.
- Production and acquisition lead times.
- Major schedule changes.

Adherence to the recommendations of the Stock Requirements List helps ensure that material purchases and production order releases are timed to meet the required order delivery dates while minimizing inventory levels. Potential material shortfalls are evaluated to determine the impact on the production schedule and the ability to meet the delivery dates of any affected orders.

5. PRODUCTION SCHEDULE STABILITY

Production schedule stability (PSS) of 85 percent or better is needed to ensure the SFC and MRP modules work as intended. Changes to the production schedule should be made only when the urgency of the need dictates and after a thorough review of:

- Availability of materials.
- Sufficiency of lead times.
- Impact on work center capacities.
- Impact on inventory levels.
- Impact on delivery of other orders.

Production schedule stability for a given period is determined by the following formula:

$$\frac{\text{Number of production orders with no changes} \times 100}{\text{Number of released production orders}}$$

Production order changes include changes to:

- Production order quantities.
- Start dates.
- End dates.

The Factory Manager monitors the frequency, urgency, and reasons for production order changes and develop an action plan to identify and correct the root causes of continued failure to maintain a PSS of 85 percent or better.

6. PRODUCTION SCHEDULE CHANGES

Changes to the production schedule may be driven by:

- Receipt of new orders with short lead times.
- Customer requests to expedite, delay, or cancel orders.
- Material shortages.
- Unanticipated production delays.

The General Manager or his/her designee must approve schedule changes:

- Affecting the approved MOA.
- Resulting in a delinquent customer order.
- Resulting in the production of a customer order more than 30 days prior to authorized shipment.

The Factory Manager must also advise the CSC or Program Manager to notify any affected customers. Upon resolving any concerns a customer raised due to a proposed change, the Factory Manager modifies the production date in Millennium to reflect the revised planned production date and explains the change in the production order long text file. This ensures that customers have access to current information through the CSC or the Internet.

a. Requests to Expedite or Add New Orders with Lead Times Shorter than Established Time Frames. The Factory Manager reviews the material requirements of these orders and work center capacities to determine if materials are available and if acceptance of these requests will affect the required delivery of other orders. The Factory Manager also works with the Contract Specialist to expedite needed materials from vendors where applicable.

Conflicts are reviewed with the AW/SOI and the Program Manager, giving consideration to the critical nature of the request and the impact on other orders before making a final decision to proceed.

b. Requests to Delay or Cancel Orders. Factory Managers must review these requests immediately, since the impact on inventories may be severe. If the production order has already been released and work has begun, he/she must quickly determine a course of action. Options include:

- Complete the production order and hold the finished items until the new delivery date.
- Modify or cancel the production order on the floor.
- Apply in process materials to other orders.
- Return in process materials to storage.
- Apply the finished items to other orders.

If the production order has not been released, the Factory Manager advises the Contract Specialist to contact vendors and attempt to delay or cancel purchase orders for materials not yet received.

The Factory Manager must also advise the CSC and Program Manager of any customer-initiated delivery date changes or cancellations for appropriate modifications to Customer Sales Orders.

c. **Factories Loaded Below Plan.** For situations where factories are loaded below plan due to a lack of customer orders, orders must not be manufactured early without approval of the Program Manager and customer. In those cases, the due date on the customer order is changed to authorize the earlier shipping date.

Before making a decision to change the order due date, material availability and work center capacity must be evaluated to ensure that the change can be accommodated.

d. **Unanticipated Production Delays.** These may result from material shortages, machinery breakdowns, lockdowns, or other legitimate reasons. The Factory Manager determines the impact of such delays on customer orders and confers with the AW/SOI and Program Manager to determine a course of action.

The Factory Manager reviews the capacity planning reports weekly. If a work center is overloaded, production order rescheduling may be needed to relieve the overloaded situation.

If a work center is overloaded continuously over several weeks, the Factory Manager investigates to determine the reasons and submits an action plan to the AW/SOI to correct the problems.

REFERENCES

ACA Standards

None.

Records Retention

For requirements and retention guidance applicable to this program, see the Records and Information Disposition Schedule (RIDS) on Sallyport.