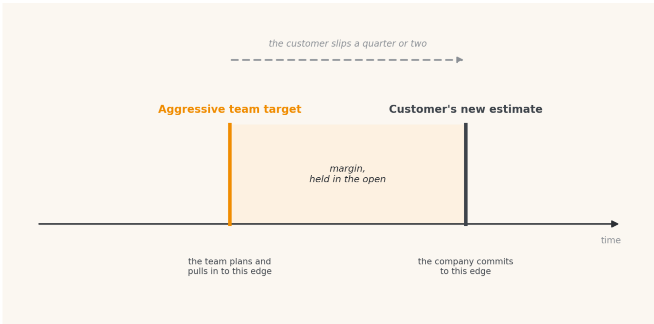
One-page reference

When the customer slips

The question. *If we are executing to a schedule and the customer slips a quarter or two, should we move the target or keep marching to plan?*

This quarter: hold the window, not the point

Put the customer's new estimate at the far edge of a target window and the aggressive team target at the near edge. The company commits to the customer's date. The team keeps planning and pulling in against the aggressive one. The space between the edges is margin, held in the open.



1. A slip that arrives in pieces is stale by the time it assembles. The new estimate is a guess wrapped in caution, and it can move again in either direction.

2. This industry brakes, then floors the accelerator. The customer who slowed down in August can hand you a more aggressive date in November.

3. Work expands to fill the time available. Relax the target and the team spends the slip. Hold it and the team banks it.

One exception: if the near edge is truly unachievable, holding it makes the target a fiction, and teams stop jumping for fictions. That is a leadership call. Make it once, in the open.

For good: move the relationship

The slip reached you in pieces because the relationship is transactional. A transactional customer says they need it sooner than they really do, assuming you will slip. You pad your promise; they pad their need. Supplier relationships run on a continuum: adversarial (no one wins), transactional (one side wins), cooperative (co-development, shared outcomes). Speed lives at the cooperative end, because that is the only place the dates being exchanged are real. Ron Adner's two questions from *The Wide Lens* (Portfolio, 2012) tell you where to start:

1. Who else needs to innovate for my innovation to matter?
2. Who else needs to adopt my innovation before the end customer sees its full value?

Proof

Sony PlayStation, 1993: a 500,000-gate single-die ASIC, five times beyond anything LSI Logic had shipped. Run as a cooperative co-development: early models, libraries, very early engineering samples. Samples shipped twelve months ahead of Sony's schedule, Sony accelerated past the incumbents, and the program roughly doubled LSI Logic in a single year.

You do not synchronize with a customer by asking for their dates. You synchronize by sharing a schedule.

From the lateralworks /ideas article "When the customer slips" (lateralworks.com/ideas/when-the-customer-slips). Companion to "Where targets come from." Questions: Ron Adner, The Wide Lens: A New Strategy for Innovation (Portfolio, 2012). Case: lateralworks.com/results/case-studies.