

Increasing Cash



How Improving Operations Helped One Company Boost Cash Reserves and Avoid Lay-offs

Situation:

A middle market manufacturer of medical and dental lab equipment was in the midst of a cash shortage and saw the recession coming, but wanted to avoid lay-offs.

Solutions:

After examining the company's operations from every angle, we implemented changes to inventory management processes as well as production. The company set up auto replenishment systems including Kanban and VMI, while also establishing point of use inventory on production lines and

discontinuing kitting.

By selling, returning, or repurposing their slow-moving and obsolete inventory, the company freed up cash and warehouse space.

Results:

- Increased cash by 85%
- Doubled inventory turns
- Cut obsolete inventory by 50%
- Order lead-time went from over 90 days to 27 days
- Cash flow was sufficient that layoffs weren't needed