

There's ONE Thing...

How a simple change in production solved a long-term inventory problem

Situation:

First Aid Only, a \$30 million producer of first aid kits, found themselves with chronically inaccurate inventory. The production staff blamed the warehouse, but we found that the warehouse procedures were in order. What was causing the inventory problem?

Thank you for your successful evaluation and improvement of our inventory management and controls systems. You drove behavioral changes that improved our inventory discrepancies by using no-nonsense, effective and concise training and measurement techniques that positively impacted cost, quality and customer satisfaction.

—Susan Priddy, Director of Operations, First Aid Only

Our Process:

We looked at the entire operation and discovered the production team was overproducing their orders. They counted the first aid kits as they were completed, which left

unfinished kits on the assembly line. In an effort to avoid the waste of motion that would have resulted from restocking the unused parts, production went ahead and finished the superfluous kits and put them in inventory. Unfortunately this didn't leave enough parts to complete subsequent orders, and created more kits than were needed. No wonder inventory was off: 15% of work orders were being made in the wrong quantity. **The shop floor supervisor, in an attempt to avoid one waste, had inadvertently created another: the waste of overproduction.**

Results:

The solution to this case came down to just one thing: count the units at the front of the line, not at the end. The solution itself was simple, but the process of finding it required a wide scope of investigation. Had we looked at only one department, we never would have found the real source of the problem.