

World-Class Material Flow



How Improved Inventory Management Can Reduce Stock-outs and Shortages

Situation:

A middle market contract manufacturer of light and medium gauge steel fabricated parts needed to support their lean implementation efforts with world-class material flow. Their inventory turns were unknown, part shortages were frequent, and the purchasing process was encumbered by an excessive number of purchase orders.

Solutions:

To simplify the materials delivery function, we set up vendor managed inventory programs and auto-replenishment systems that would be executed by personnel on the shop floor. These

changes, combined with supplier partner programs, yielded daily materials deliveries directly to the production line, eliminating the tangle of purchase orders. We also implemented a cycle counting system to improve inventory accuracy.

Results:

- Inventory turns of 22+
- Stock-outs were rare
- Line shut-downs due to lack of materials were infrequent
- Maximized floor space by reducing the amount needed for inventory
- Improved the flow of the plant