

Large Consumer Goods Company Migrates to Supplier Managed Inventory (SMI) to Reduce Total Applied Cost

THE SITUATION: A large consumer goods company wanted to consistently meet the market demand and cut down label obsolescence on several long running projects without having to continually place orders in response to stockout situations.

- Orders required quick lead times (in as few as 3 days).
- Labels were being ordered every 2 weeks.
- Lead time for a re-ordered series of labels was running 5-7 days.
- Retail demand was difficult to forecast.
- The previous ordering model was not providing an adequate lead times.
- Obsolete label parts were accumulating in the Consumer Goods Company warehouse.

THE SOLUTION: AWT implemented a Supplier-Managed Inventory (SMI) program in order to efficiently print, store, and deliver the customer's labels on a just-in-time (JIT) basis.

- The program allowed AWT to store necessary label inventory for next day shipments.
- A rapid response notification system was developed to include a reorder trigger that was set to alert the customer of label parts low inventory level.
- The minimum finished goods inventory helped reduce waste from obsolescence – thus adhering to the customer's Lean Manufacturing initiatives.

THE RESULT: The customer has enjoyed the ease and cost reduction of using AWT's Supplier-Managed Inventory (SMI) program while reducing label obsolescence.

THE BOTTOM LINE:

- The customer has reduced their total applied cost by more than 25%.
- Production Line downtime was reduced by more than 80%.
- Transactional accounting costs were reduced by more than 25%.
- Low inventory triggers helped to reduce over-ordering.
- The customer has reduced their label obsolescence more than 50%.
- The lead time for re-orders was reduced by more than 80%.
- AWT provided a permission-based online inventory management system enabling the customer to review usage and ordering patterns 24 hours a day, 7 days a week.