

CASE STUDY

Consumer Durables

Background

- \$250 million manufacturer
- 90% to big box stores
- Highly seasonal
- Lost 60% of market to Chinese
- Very tight cash, no controls

Supply Chain Strategy

Studied why market share was being lost to foreign manufacturers

Modeled manufacturing time and methods, identified major labor savings opportunities

Developed a time advantaged strategy which gave major customers an opportunity to increase sales during promotions with fast response

Inventory Simulation Models

Developed seasonal inventory models

Designed methods to maximize sell through for major retailers during promotions

Changed WIP queue sizes and through-put control methods to reduce from weeks to hours of WIP

Free Cash Flow

Full 13 week cash flow management program installed

Weekly performance meetings and cash targets re-balanced

Inventory reduction was targeted for immediate cash relief

Operations improvements reduced overall costs

Results

Inventory reduced by over \$12 million and turns up to 12 from 5

Throughput time from 2 weeks to under 3 days

Free Cash Flow improved to reduce debt from over \$60 million to under \$40 million and refinancing was possible

Reduced direct and indirect labor by 50%