

CASE STUDY

ANIXTER HELPS AN EMERGENCY VEHICLE MANUFACTURER CONTROL ITS INVENTORY



S U M M A R Y

Customer

Emergency vehicle manufacturer

Challenge

Material management solution for manufacturing facility

Solution

READY!SM Depot

READY!SM Scan

Results

- Consolidated space and reduced inventory by half
- Reduced monthly invoices from 12 to one
- Minimized time receiving, storing and moving materials



There was a consolidation of suppliers, no stock outs, reduced transactions, improved inventory accuracy, reduced working capital down to zero, and reduced inventory by 50 percent.

Material Manager for Manufacturer

Customer Challenge

For more than 40 years, an emergency vehicle manufacturer has been committed to building the finest ambulance and rescue vehicles. For this industry leader, it has always been essential to provide the highest product integrity and value to its customers. To meet these goals, the company conducts continuous improvement reviews to confirm that all aspects of its manufacturing processes are at optimum performance. During one of these reviews, the company realized it had excessive material inventories at its two manufacturing facilities, which resulted in a high inventory carrying cost and obsolete products.

The manufacturer's operations stretch over two facilities: a main building that holds the corporate offices and main assembly and manufacturing line, and a second facility that houses the stockroom and the manufacturing of key components. The company was manually managing material between its two production locations by using the smaller facility to feed the main manufacturing plant. They were receiving more than 200 part numbers per year, including switchboard wire, battery cable, and communications and welding cable. Without an effective inventory management tool to manage a large base of products and suppliers, the manufacturer was facing a risk of running out of high-demand, mission-critical materials, which threatened to disrupt its production schedules and incur expedited freight costs. The company was looking for ways to better manage its existing processes to rationalize the supplier base and streamline its operations.

The company lacked an inventory system that used bar-code technology and wanted a lower cost of doing business and a supply chain partner that consolidated freight and "released shipments at scheduled times." As a long-time partner, the manufacturer gave Anixter the opportunity to improve its operations, from streamlining the piecemeal delivery system to reducing on-hand inventory and product stock outs. Anixter proposed a solution that would help the company simplify its material management, lower total cost of ownership, and increase productivity and flexibility in its production processes.

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Anixter Solution

Anixter collaborated with the company to understand its goals and conducted an analysis of the existing processes. Upon reviewing the situation, Anixter proposed READY! Depot to address the need for more efficient material management at its wire-harness manufacturing facility. READY! Depot, which is part of Anixter's READY! Material Management Services, is a centralized, on-site material management and replenishment program. With READY! Depot, the manufacturer would receive weekly deliveries of products from Anixter's local distribution center. This allowed the company to minimize the inventory it needed to manage and to focus more on its core competencies. Anixter's READY! Depot confirms parts are always on the shelf. Instead of having employees receiving and putting away inventory full time, those duties were done by Anixter.

Anixter also positioned a READY! Scan solution to help the manufacturer optimize its real-time inventory visibility at its facility. The READY! Scan tool automates on-site replenishment and inventory management by using bar-code labels and hand-held scanners. By using READY! Scan, the manufacturer's employees are able to check inventory levels directly at the bins and, if necessary, trigger replenishments. The information is then immediately transferred to Anixter's system and triggers a purchase order. All the orders are consolidated into a single order and delivered to the manufacturer's site as per the schedule. With Anixter holding materials at a local distribution center, the need for the company to hold excess material was eliminated, and Anixter was able to deliver the products in a single shipment once a week. In addition, Anixter provided once a month consolidated billing, which reduced the manufacturer's back office and administration costs.

Project Results

The company only had half the inventory than when Anixter first took over. The consolidated space freed up more room in the warehouse and allowed for capital improvements and projects. Because the inventory was put on consignment and was only invoiced once replenished, the manufacturer saw a reduction of its on-hand inventory and an increase in cash flow. The single shipments resulted in less time spent in receiving, storing and moving the material and more time devoted to assembly and productivity. Instead of the 10 to 12 invoices the company was receiving a month, it now receives only one, which greatly cut the time the company needed to process and reconcile the invoices.

In a six month period, Anixter has helped save the company nearly \$60,000. Anixter's solution consolidated suppliers, eliminated stock outs, reduced transactions, improved inventory accuracy, reduced working capital down to zero, and reduced inventory by 50 percent. In the future, the company is looking to move an additional 100 part numbers and consolidate five more suppliers to Anixter.



READY!SM Material Management Services by Anixter leverage

our distribution and Supply Chain Solutions to help our customers optimize a just-in-time material management program in their production facility. Our replenishment solutions lower the total cost of ownership, improve productivity and scale to meet production demands.

This project called for:



READY! Depot is a centralized, on-site material management and replenishment program.



READY! Scan automates the on-site replenishment and inventory management program by using bar-code labels and hand-held scanners.

About Anixter: anixter.com/aboutus
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