



# Inventory Management

## NEED

The success of a customer’s new product line is a wonderful business opportunity. However, even though sales were on the rise production was out of storage capacity to meet the demand. In order increase storage capacity they had to free up floor space to expanded production operations and store finished goods.

## SOLUTION

- Establish a warehousing program to open up space in customer’s warehouse
  - Average national cost of warehouse space = **\$4.17 per square foot**
- Optimize materials to meet packaging requirements and reduce lead-times
  - Chipboard = 20 days
  - E-Flute = 7 days
- Eliminate unnecessary overlap in packaging materials to reduce overall costs and eliminate waste

## BENEFIT

- Warehousing program gave customer back **215 square feet** of warehouse space
- Micro flute material replaced the chipboard **reducing costs and the risk of line shutdowns** in production
- Decline in material costs saved customer **\$5,000 annually**
- Packaging audit reduced waste in packaging design and saved customer **152,525 square feet annually**

Customer was given back

**215 sq ft**

of warehouse space

Annually, the customer saved

**152,525 sq ft**

due to reduced waste in packaging design

Annually, the customer saved

**\$5,000**

due to declined material costs

PROGRAM DEPLOYED	DOLLARS SAVED
Warehousing	<b>\$10,647</b>
Material Optimization	<b>\$5,265</b>
Design Changes	<b>\$20,797</b>
<b>Total Annual Savings</b>	<b>\$36,709</b>