Supply Chain

Vendor Consolidation

➢ Electronics Component Company needed to cut inventory 35% to improve cash flow. Company was make-to-order business using material purchased from more than 200 vendors, with a price penalty for less than minimum purchase order quantity

➢ Identified three vendors for components and PCBs as desirable suppliers

➢ Selected one vendor for each category and finalized contracts with each vendor for all business to be renegotiated annually

➢ Component vendor contract was consigned vendor-managed inventory, and PCB contract was for consigned inventory with three-day delivery requirement on all boards to cover demand spikes

➢ Negotiated JIT programs for all plastic and metal components

➢ Decreased inventory 80% and added considerable cash flow to company.

International Sourcing

➢ Downward pricing pressures were causing company to become non-cost-competitive quickly. Company purchased products within the United States and any overseas product was purchased through middlemen that applied high-margin markups

➢ Convinced management that sourcing directly from international manufacturers – eliminating the need for distributors and middle men

➢ Managed the search and contracts with manufacturing representations in each country for a nominal % of the sale

➢ Within 18 months, sourced four major product lines from different Chinese manufacturers, as well as all components for company's products made in United States

➢ Eliminated all middlemen.

Inaccurate Inventory
Kanban System

➤ The Conlon Group was brought in to evaluate and minimize unscheduled line change overs

➤ Final furniture assembly was experiencing schedule changes due to insufficient or incorrect inventory. We had plenty of inventory, just not the correct inventory

➤ Unscheduled changeovers were recorded for a month and determined that 90 percent of the changes were due to incorrect WIP

➤ Team determined that current procedures as well as the home grown software was inadequate for our needs

➤ We decided that the best solution was to utilize kanbans between departments
  ➤ – less than 100 active part numbers per department

➤ A modified 2 bin system was implemented. Kanban squares varied by part number

➤ Instituted ABC cycle counting

➤ Eliminated change overs due to incorrect WIP