



CUSTOMER

Major, multi-national lighting manufacturer

PROGRAM

VMI

Minimize supply chain costs through Fast-Rite's commitment to on-time deliveries, cost containment and inventory control

CHALLENGE

A major multinational lighting manufacturer located in Mexico faced several challenges due to growth and changing manufacturing methods. It was moving from a traditional assembly line system to cell manufacturing. And, an increase in SKU production meant that it needed to devote more space to production, reducing the space it had for inventory.

SOLUTION

Fast-Rite de Mexico had been supplying the plant using a combination of consignment inventory and traditional supply. Since all of the facility's inventory space was needed for production, Fast-Rite developed a VMI program to minimize the company's supply chain costs and space requirements. To begin, Fast-Rite's productivity team visited the facility and reviewed the operational needs.

Fast-Rite's VMI program recommendations were readily accepted by the manufacturer. They included:

- Setting up three "supermarket" locations strategically in the facility with a minimal footprint of less than 100 sq. ft.
- A JIT (just-in-time) Kanban bin fill system reduced safety stock from a 30-days' supply to less than one-shift's worth.
- Fast-Rite personnel visited the plant first thing each morning to inventory the products, check with the production line supervisors to discuss urgent needs or issues, pick up empty bins. Then, they returned to Fast-Rite where bins would be refilled for delivery later in the day.
- Quality control began to be performed off site. Parts were certified to meet customer requirements and streamlined receiving techniques allowed for spot verifications.
- A water-spider system was developed to resupply the production cells and recycle the empty bins.
- Fast-Rite assigned a full-time employee at the customer's location to service their secure crib. This employee was in charge of controlling and dispensing Class-C components supplied by Fast-Rite as well as other vendors.
- To minimize the supply chain footprint, Fast-Rite would also provide 3PL services for the customer's other raw materials. Fast-Rite would receive, store and deliver JIT commodities, so valuable storage space could be converted to production usage.

To minimize the financial transaction costs, Fast-Rite consolidated billing. Fast-Rite management continues to conduct periodic productivity reviews to adjust for new production needs and keep improving efficiency.

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FAST-RITE
INTERNATIONAL

SAVINGS INCLUDED:

- Eliminate 512 sq ft of product storage space
- Reduce handling costs to only \$29,000 on six items
- Work-in process (WIP) cost reduction of \$15.4k
- Turns increased to more than 200 yearly
- Reduce full-time warehouse personnel by two
- Eliminate demanding analysis and procurement planning
- Elimination of line / cell work stoppage
- Virtually eliminate all corrugated waste
- Reduce freight costs

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