

Case Study:
**Direct Materials for a
Measuring Equipment
manufacturer**

The Challenge:

- **Reduce piece price and inventory costs for low-dollar, high turning direct / OEM part**
- **Reduce costs in procurement & inventory management of direct materials**

The Solution:

- **Analyzed usage to determine cross-commodity items to be stocked in work cells**
- **iPower trained Inventory Manager to replenish each point of use location and facilitate cost savings**
- **Defined bin minimums and reorder points for each location to reduce on-hand inventory**

The Results:

- **A 6.4% price reduction by analyzing and defining the active, high-turning items and consolidating them into one supply channel**
- **Eliminated 81 vendors; 5 iPower suppliers providing 1st tier pricing and support on 1785 items.**
- **Inventory was reduced by 35.2% by increasing inventory turns**
- **Total supply chain costs reduced by \$126,000 or 26.2%**

iPower / Customer Scorecard

Performance Indicators

- **1785 Active Items**
 - 30% Electrical/Electronics
 - 28% Power Transmission
 - 20% Industrial Supplies
 - 14% Fasteners
 - 8% Fluid Power
- **Purchase Price Variance**
 - May 2002-April 2003 Pricing 6.4% below baseline Costs.
- **96% On Time Delivery**
 - < 1% Stock outs
 - 0 Shutdowns
 - 3606 PO lines
- **Quality-Zero Defects**
 - 581,000 pieces shipped to date