



Inventory Reduction

Increase inventory turns and generate cash. Excess inventory is a waste of space, time, and most importantly, money. As time passes, inventory degrades, becomes outmoded and spoils. Jacquard's Inventory Reduction Profit Project® solves this problem by increasing your production or fulfillment velocity and your inventory turns while improving your company's on-time delivery performance.

Experiences

- 30% of total inventory is always at risk
- Higher inventories add cost to customers that demand inventory
- Lower fulfillment cycle times can reduce and/or eliminate inventory
- Suppliers that understand expectations are more willing to help make changes

Principles

- Carrying excess inventory consumes cash
- Improving production or fulfillment processes leads to decreased cycle time which in turn leads to reduced inventory
- The need to carry extra inventory "just in case" is a myth
- Carrying excess inventories masks waste and inefficiency in the production and/or fulfillment process
- Communicating with suppliers leads to reduced inventories

Goals

- Increase inventory turns
- Reduce size of inventory carried on hand
 - Raw, WIP, and Finished Goods
- Improve on-time delivery performance
- Reduce cycle time
- Improve cash flow

Subprojects

- Raw Material Purchasing Practices
- WIP Analysis
- Finished Goods Review
- Systematic Inventory Reduction
- Key Supplier Communication Plan

Measurements

- Inventory turns
- Past due
- Raw, WIP, Finished Goods Inventory
- On-time performance
- Cycle time

Deliverables

A formal standard repeatable process that provides ...

- Lower inventory levels
- Increased cash flows
- A method to determine inventory at risk
- A process to formally scrap obsolete inventory

"I am amazed at how clear the connection is between cycle time, work in process inventory, and cash. As Jacquard reduced our production cycle times, our work in process inventory has come down providing us with much needed cash."

— Owner
Electronics Distributor

Jacquard's Profit Projects®

- Straightforward, proven and universally applicable
- Focused and customized to a company's unique needs
- Easily understood by all employees
- Take only 16 weeks to complete

What they do for you ...

- Improve customer delight
- Build greater market share
- Increase profitability and cash
- Strengthen leadership
- Align people with company goals