

Case Study:
**Indirect Materials for a
Helicopter assembly operation**

The Challenge:

- **Eliminate non-value added procurement processes for high-turning MROP items (“300 steps”)**
- **Reduce the number of MROP storerooms**
- **Reduce on-hand inventory**

The Solution:

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

The Results:

- **A 7.2% price reduction by analyzing and defining the active, high-turning items and consolidating them into one supply channel**
- **Eliminated 2 storerooms and 4 full time positions due to point of use stocking by 1 iPower inventory manager**
- **Inventory turns from 1/year to 6/year, covering 5,000 SKU's in 82 locations throughout 9 buildings**
- **Total supply chain costs reduced by \$481,000 or 32%**

iPower Customer Scorecard

Performance Indicators

- **5195 Active Items**
 - 25% Safety
 - 24% Abrasives
 - 22% Cleaning Supplies
 - 20% Packaging
 - 9% All other
 - 7705 stocking locations
- **Purchase Price Variance**
 - 7.2% savings from original baselines Jan 2002-Jan 2003 Pricing

- **97% On Time Delivery**
 - 91% Fill rate
 - 4 stock outs
 - 3135 Line shipped in Q1-'03
- **Quarterly Usage Analysis**
 - \$94,000 Safety
 - \$82,500 Abrasives
 - \$73,000 Cleaning Supplies
 - \$68,000 Packaging
 - \$37,500 All other