

**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 1<sup>st</sup> 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