

Inventory Optimization (RM and FG) for a Packaging Manufacturer

About the company

The client is a global leader in labeling and packaging materials and solutions. The company's applications and technologies are an integral part of products used in every major market and industry. In India, their major product categories include Labeling and Packaging Materials, Graphics, Reflective, Specialty Tapes and Retail Information Services.

Business Objectives

Validation and optimization of the raw material and finished goods inventory across manufacturing plants and associated distribution warehouses

Business Situation

- Inventory planning for over 400+ SKUs in Raw Material and Finished Goods
- 2 major factories and 3 warehouses across which the inventory validation and rationalization exercise was carried out
- Consideration on the production capacity constraints around which the inventory policies were to be designed
- Short TAT requested for project delivery

The solution

- As-Is Process Mapping and Gap Analysis covering
 - Current inventory planning processes
 - Procurement & Material Management
 - Sourcing lead times and related constraints
- Baseline of the current OTIF/Service Levels
 - Order to Delivery Cycle
 - Service Levels and Reliability-Flexibility definitions to measure customer satisfaction
- Inventory Design
 - Multi-dimensional Categorization
 - Demand cleansing, outlier correction and MOQ constraint building in the inventory model devised
 - Stocking policy decision strategy
 - Review of Service Levels

Business Benefits

- Devised an inventory model based on their business needs catering to the service level requirements while considering sourcing and production capacity constraints
- Improved categorization of SKUs for improved focus on materials for which inventory norms were defined – leading to balancing of stock within the same capital requirement