



# **Lessons Learned**

## **J.I.T**

Automotive Specialty Products Alliance

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# Definition



- **Just-in-time (JIT)** is an inventory strategy implemented to improve the return on investment of a business by reducing in-process inventory and its associated carrying costs.
- When implemented correctly, JIT can lead to dramatic improvements in a manufacturing organization's return on investment, quality, and efficiency.
- Some have suggested that "**Just on Time**"( JOT) would be a more appropriate name since it emphasizes that production should create items that arrive when needed and neither earlier nor later

# Just In Time!!!



- A Need to Improve our J.I.T “Process”
- Assembled the Best Talent at Penray
- Scheduled **ONE** hour Meeting
- Implement Plan, Sit Back , Prosper

# Jeeez (this just got) Incredibly Tedious (J.I.T)

Before we could improve JIT, the following processes first had to be addressed:

## Phase I – Processes

- Understand all the drivers involved in Finished Goods (FG) and Component Inventories.
- Determine current Inventory Turns vs. Accepted Turns for our Industry.
- Classify our FG's:
  - “A” (fastest movers, highest GM contribution)
  - “B” (fast movers, high GM contribution)
  - “C” (moderate movers, moderate/low GMC)



# Jeeez Incredible Tedious ( but getting clearer)

## Phase II- Programs:

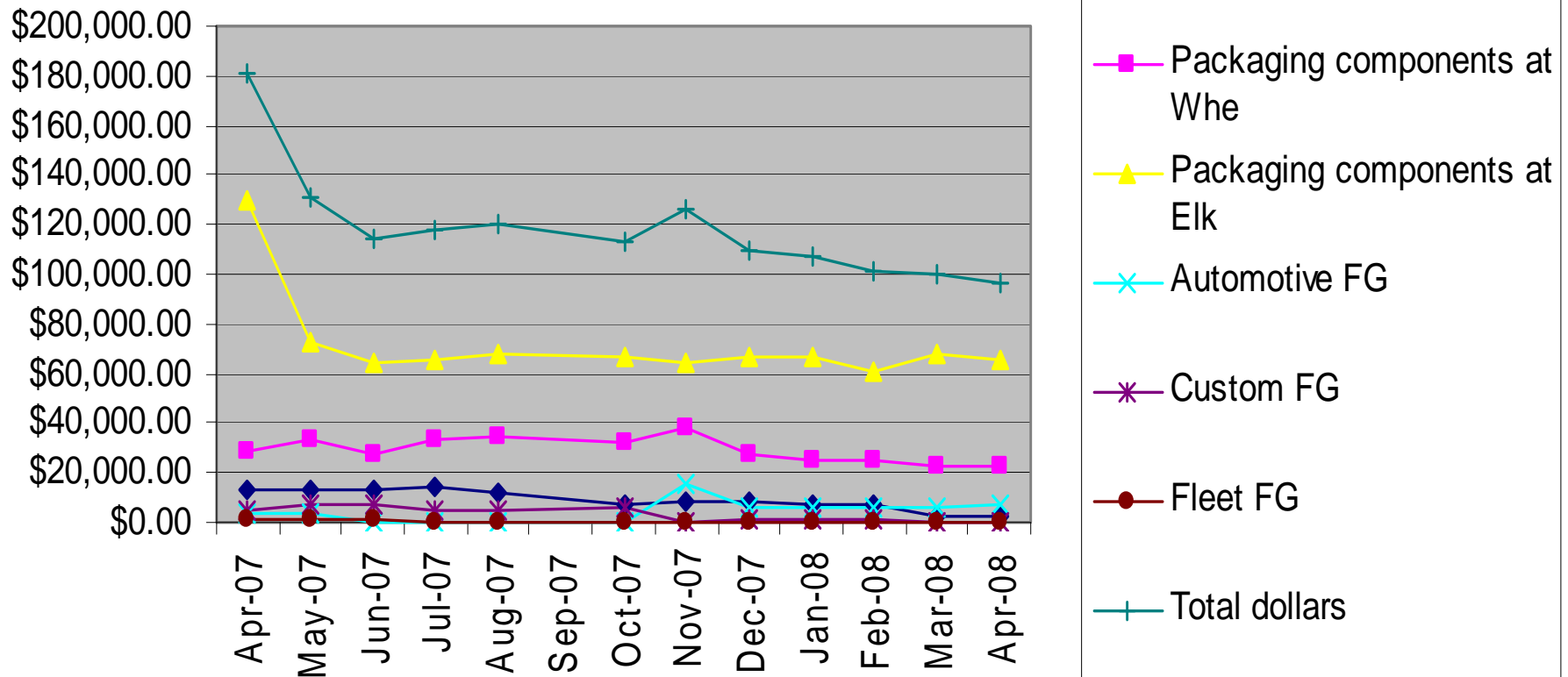
1. Develop a program to track the Value of items with No 12 month Movement



# Phase II -Programs



## Value of items with no 12 month movement



# Phase II-Programs

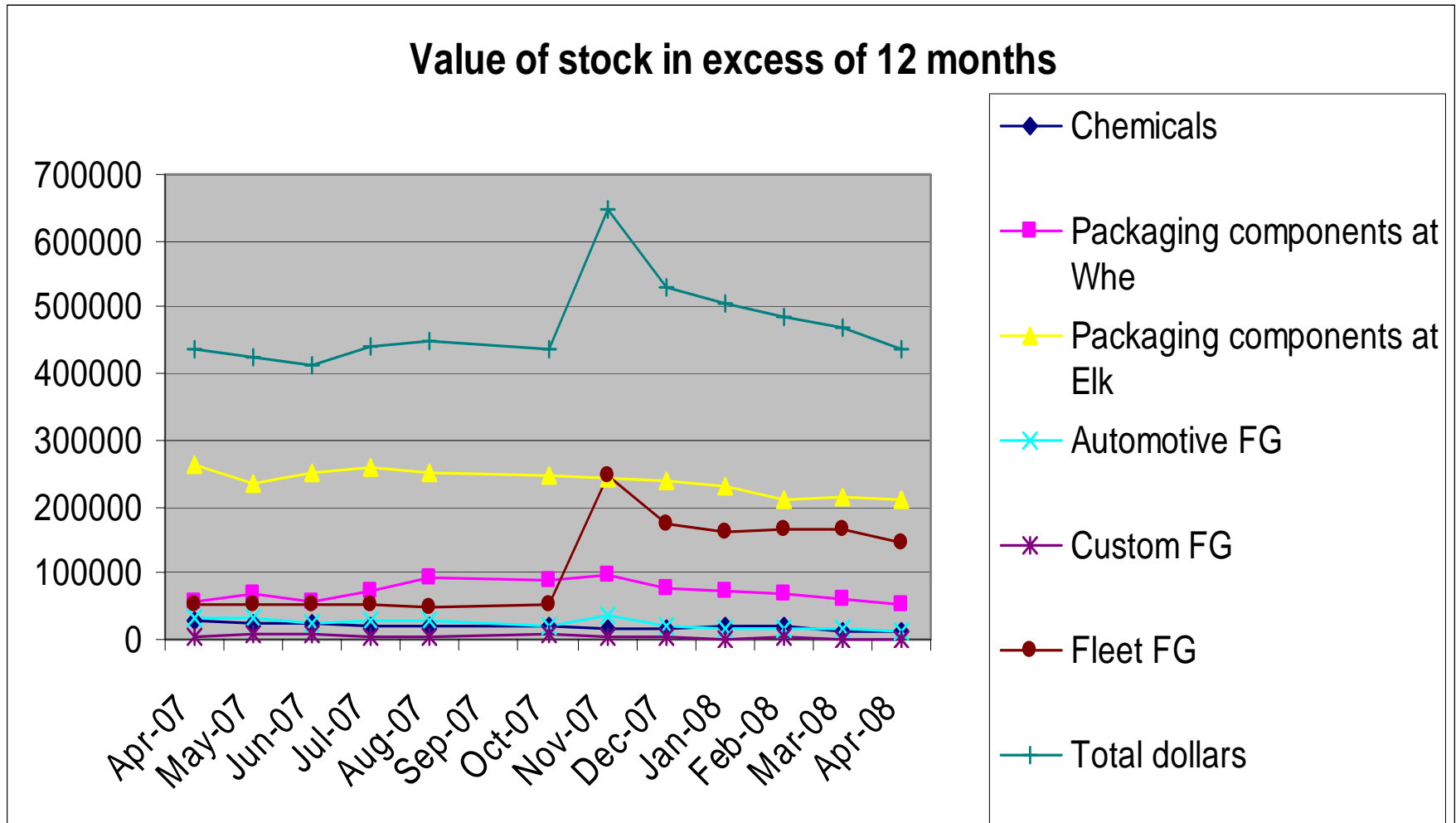
2).Develop a program to track the Value of Stock in Excess of 12 months



# Phase II- Programs



### Value of stock in excess of 12 months



# Phase II-Programs

- Utilize Forecast Pro Inventory Control Program( and Trust the Trends!!)
- Software that interfaces with our ERP system.
- Provides 3 years Historical Data
- Calculates production forecasts using statistical methods: Exponential Smoothing, Box-Jenkins, and Event Modeling



# The Results!!



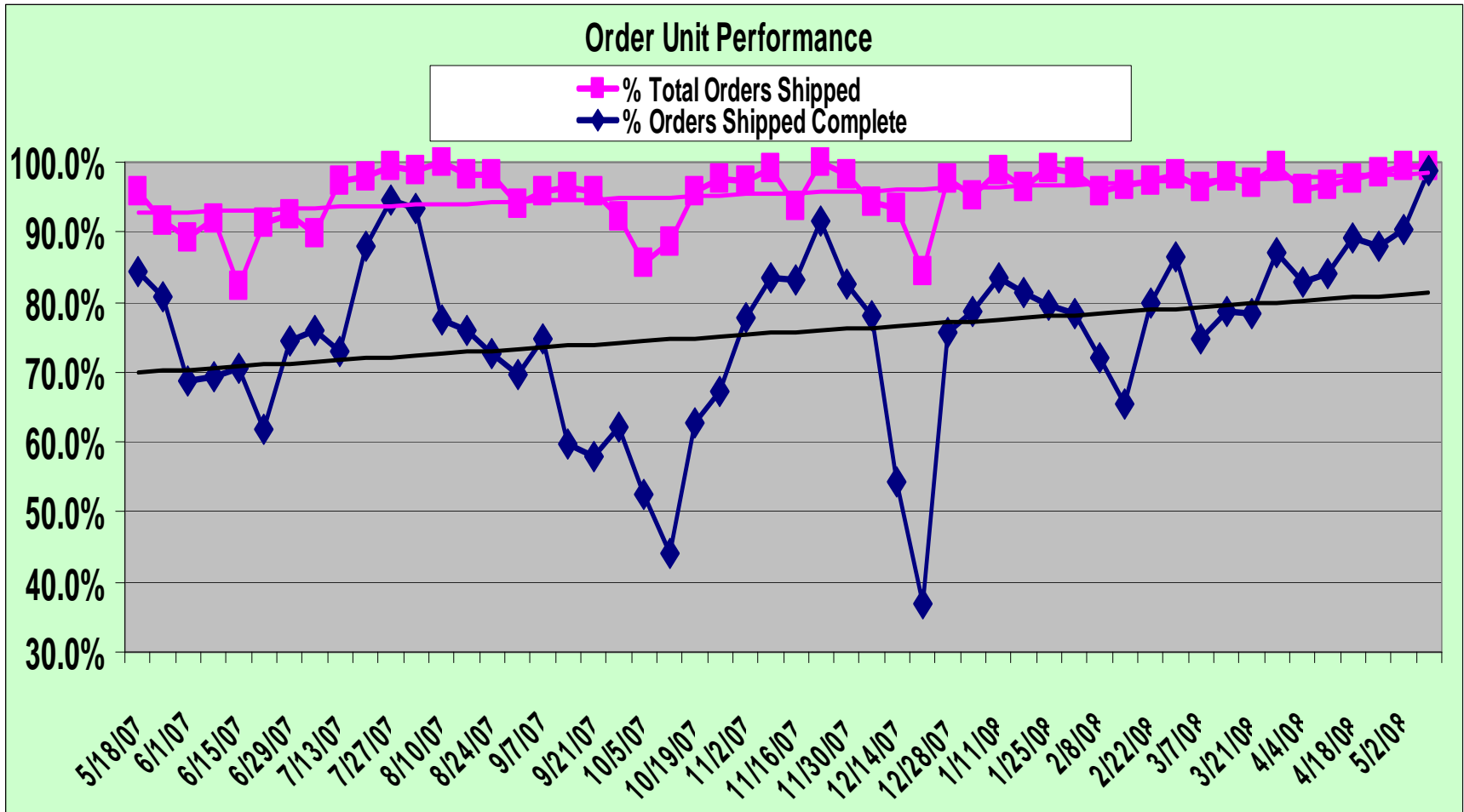
- Penray's version of the 80/20 rule
  - Sales Dollars
  - Units Produced
  - Gross Contribution
- Improved Weekly Production Cycles
  - A's : Every Two weeks from Four
  - B's : Every Three weeks from Four
  - C's : Every Four weeks from Twelve

# Results!!



- Improved Turns
  - Before: 5.0 x/yr Company Average
  - Today:
    - A's turn 11.5 x/yr
    - B's turn 7.1 x/yr
    - C's turn 4.75x/yr
    - S's turn 11.3x/yr
    - Company Average: 9.1 x/yr
- Reduce our Back Orders by 78%
- Reduce our Freight- Out Costs
- Allows for the UNEXPECTED!!

# Results



# Thank You for this Opportunity

I hope I implemented enough JIT to keep this meeting agenda on Schedule.

