



CMI helps companies:

- Increase Productivity
- Streamline the Requisition/Procurement Process
- Reduce Hoarding, Pilferage and Waste
- Organize Better
- Save Costs Overall

“With the successful implementation of CMI we were able to completely change the way we purchase and inventory supplies.”

“CMI helped us create an organized method of warehousing our inventory, which assisted in eliminating personnel inventories.”

CASE STUDY

“In our line of business, a company’s survival depends on the ability to grow the business while continuously looking for ways to reduce costs and deliver uncompromising service. The CMI program has helped us meet the competitive demands of a changing business environment.”
(Joe Amarello, J&R Plastics)

Introduction

J&R Plastics, a preeminent supplier of molds and dies serving the Thermoforming Tooling Industry, has experienced significant growth since its inception in 2000. J&R currently employs 11 highly skilled, full-time employees who all share a commitment to deliver the highest quality tooling to its customers to ensure ongoing customer satisfaction.

As part of their ongoing commitment to their valued customers, J&R Plastics sought to streamline many of their internal procedures, including their procurement processes. Furthermore, in an effort to increase their use of human capital, J&R began an initiative to restructure and/or eliminate processes that did not directly support and benefit the manufacturing process. As stated by a member of the management team, “We are focused and committed to producing the industry’s best products. Our culture encourages our employees to eliminate processes that do not support the production of tooling.”

The Challenge

J&R Plastics sought to remain extremely competitive in an industry where cost containment and operational efficiency are critical to a company’s success. The management team at J&R sought to gain efficiencies in their production process and reduce operational costs. Management outlined the critical areas that were to be addressed:

- **Increase Productivity** – Increase the productivity of an already lean staff by being able to reallocate some of the resources that were being used in the procurement of its maintenance, repair, operational (MRO), and production supplies into more “mission critical” areas.

- **Streamline the Requisition/Procurement Process** – Simplifying and reducing the amount of time and effort involved in both requisitioning and ordering supplies was a critical component of improving productivity.
- **Reduce Hoarding, Pilferage and Waste** – Due to the inefficiencies and frequent stock outages, many “personal inventories” were created by end users to compensate, which was driving up consumption costs and creating excessive inventory.
- **Better Organization** – Through the years, the storeroom had become unorganized and inefficient, resulting in duplicate inventories and increased costs associated with maintaining the inventory.
- **Overall Cost Savings** – J&R operates in a very competitive market and their ability to maintain and reduce operating cost was critical for their overall success.

The CMI program had an immediate impact on our operational performance. we were able to **eliminate 80%** of the labor used under the previous program.

The Solution

J&R looked to MSC Industrial Supply to help them improve their requisition, procurement and storeroom process and were selected to assist in the project based on their experience with:

- **Vendor Managed Inventory (VMI)** – MSC’s VMI differs from most, as it allows customers to maintain control by having orders placed in a shopping cart on mscdirect.com which allows customers to review, edit, add or delete items prior to order placement. A completely paperless process.
- **mscdirect.com** – Offers User Roles that improve the requisition and ordering flow by allowing spending limits to be set and requisitions to be automatically forwarded to buyers, with the added benefits of real-time inventory, pricing, order tracking and reporting capabilities.
- **Customer Managed Inventory (CMI)** – MSC also brought industry-leading solutions such as CMI, which allows the customer to print their own labels directly from mscdirect.com, scan the labels and place them directly into a shopping cart.

- **E-Procurement** – MSC has developed some of the industry’s most compelling electronic solutions. MSC continues to develop leading solutions that augment the industry’s best-in-class E-commerce providers. MSC continues to invest in maintaining their leadership position and is positioned to support J&R in the future with their ability to integrate with E-Procurement, if they decide to move in that direction.

Ultimately, J&R felt that the CMI Program, coupled with all of the features of mscdirect.com, was the best combination in order to achieve their objectives. J&R could maintain control while significantly improving the process. The low cost/high value program was also in line with their cost-containment directives. The other appealing aspect was the ease of use, which significantly reduced implementation and training time and made it easy to gain backing from plant personnel.

The Results/Outcome

- **Increase Productivity** – Prior to the implementation of MSC’s CMI program, J&R Plastics’ parts inventory was disorganized. As a result, finding and reordering parts was a lengthy process. The lack of organization and excessive reorder times required associates to spend time finding and procuring parts, rather than manufacturing products. During the CMI implementation process, MSC worked with J&R to organize and label the parts inventory. The CMI program allowed J&R to gain greater productivity by eliminating the amount of time employees spent purchasing MRO and production supplies.

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- **Streamline the Requisition/Procurement Process** – The successful implementation of the CMI program allowed J&R Plastics to completely redesign their requisition and procurement processes. The CMI program was able to reallocate resources from their labor-intensive procurement process and effectively use these resources to increase their production output.

“With the successful implementation of CMI, we were able to completely change the way we purchase and inventory supplies. MSC uses a corporate cost-savings documentation form to capture and report savings as a result of implementing its value-added programs.

The program’s end result was realized in the savings of both time and money.”

“Redesigning our process around CMI has allowed us to use our limited resources more effectively. Rather than looking up part numbers and calling the vendor to place an order, we are now able to use the time to produce products.”

- **Reduce Hoarding, Pilferage and Waste** –

The successful implementation of CMI created a central stock area with organized and adequate inventory. The consistent availability of products within the stock location helped employees to make a successful and supportive transition

from personal inventories to a shared central inventory location.

“In the past, employees maintained private inventories of materials to ensure that a sufficient supply of parts were available when needed. This practice inflated inventory costs and created inaccuracies when costing a particular job or process. With the implementation of CMI, J&R was able to eliminate the hoarding of personal inventories by ensuring that we would have the required products on hand.”

- **Better Organization** – MSC worked with J&R Plastics to design the most organized method of storing MRO and production parts. Prior to the CMI implementation, MSC designed the central stocking area and developed minimum and maximum stocking levels to ensure that planned production schedules would be met.

“CMI helped us create an organized method of warehousing our inventory that reduced the amount of time our employees spent looking for production parts.”

- **Overall Cost Savings** – Prior to the implementation of the CMI program, MSC identified the substantial savings that J&R would obtain with the program. MSC outlined a cost-savings documentation that identified and documented all of the previously stated cost savings. J&R used the MSC cost-savings documentation as the sole metric for tracking the program’s contribution to company profitability.

For More Information

For additional information on how MSC’s Customer Managed Inventory (CMI) program helped J&R Plastics achieve substantial cost savings and to learn how your company can achieve similar results, contact MSC Industrial Supply at 800-753-7970 or visit mscdirect.com.

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“Having the right materials at the right time helped to reduce the manufacturing and assembly times.”

“With CMI, we were able to streamline our purchasing process and still take advantage of the tools of www.mscdirect.com.”

“The inventory savings, along with the extensive reduction in man hours, has made quite a measurable, financial impact at J&R Plastics.”

