

Lean Manufacturing

## Infographic: 5 Ways to Modernize and Optimize Supplier Inventory Management

Don Sears | Feb 19, 2018

The working principles of lean manufacturing extend beyond the supply chain and into the management of inventory. Learn the connections between them, including how to improve your MRO practices.

Could your inventory be managed better than it is today?

Research from The MPI Group shows just over half of manufacturers are not optimizing inventories with best practices in lean manufacturing, such as vendor-managed inventory, material pull systems or just-in-time supplies. The *research* showed “a surprisingly high percentage of plants have ‘no capability’ to monitor and measure their operations, especially external logistics/distribution performance (18% of plants); in-plant material-handling performance (17%); and process-specific sustainability performance (16% of plants),” notes George Taninecz, vice president of research at MPI, in a blog post about the study.

Can better MRO management help? The white paper “*10 Real-World Tips for Smarter Inventory Management*” by Material Handling & Logistics puts the state of many current-day practices in context.

“In addition to inefficient production processes, poor inventory management practices put manufacturers at a global disadvantage. Market demands for ever greater product variety and shorter lead times cannot be met, profitably at least, with more and bigger warehouses,” the paper says.

Here are a few tips to improve and optimize your inventory management practices.

# 5 Ways to Modernize & Optimize Inventory Management

Struggling with too much or obsolete inventory? It could be due to poor scheduling, ineffective forecasting or long cycle times. Learn how to modernize your system to free up the cash sitting in your inventory.

## **TIP 1** End Manual Processes, Revisit MRO Strategies



**WHY DO IT:**  
To avoid supply hoarding and take control of critical inventory affecting finished products and delivery.

**OUTCOME:**  
Reduce parts shortages, decrease expedited deliveries and eliminate supply duplications.

## **TIP 2** Adopt Vendor-Managed Inventory

**WHY DO IT:**  
To gain control of MRO costs through replenishment limits and timing. Vendor manages timing, tracking and bar-coding of supplies.

**OUTCOME:**  
Focus more on manufacturing delivery and efficiency and less on the back-end supplies.



## **TIP 3** Use & Track Metrics



**WHY DO IT:**  
Find opportunities to define KPIs, make needed process changes and find more effective inventory storage tactics.

**OUTCOME:**  
Improve line item and order fill rates, cycle times, safety stock, shrinkage and inventory accuracy.

## **TIP 4** Stop 'Pushing' Replenishment & Pull Instead

**WHY DO IT:**  
Keep inventory just right with the "pull" method that draws material and parts as needed with visual cues, Kanban signals or empty vending alerts.

**OUTCOME:**  
Slash work-in-process inventory and reduce part shortages on the production floor.



## **TIP 5** Rationalize Suppliers



**WHY DO IT:**  
Eliminate poor-performing suppliers and become competitive by identifying risks, late deliveries and out-of-stock inventory.

**OUTCOME:**  
Slash inventory levels, reduce cycle times, cut costs and increase productivity.

**SOURCES:** "10 Real-World Tips for Smarter Inventory Management" a white paper sponsored by MSC, Material Handling & Logistics and Penton Manufacturing & Supply Chain Group. [og](#), 2017; Safety News Alert, 2016.

## **Spotlight on MRO Topics: Inventory Management, Total Cost of Ownership and Tooling Costs**

Here is a collection of the best articles on MRO.

*To Optimize MRO, Get Smart with Lean Supply Chain Management*

*Better Supply Chain Management: Take Control of MRO Spending*

*How to Lean In on Total Cost of Ownership in MRO*

*8 Total Cost of Ownership Questions for an MRO Supply Chain Expert*

*To Derive Sustainable Cost Savings, Optimize MRO*

*Tooling Costs: Time to Move Past Purchase Prices*

*Ask an Expert: How Do You Measure the Value of Tooling?*

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