

# Madras Cements, Ltd.



*Madras Cements, Ltd.*



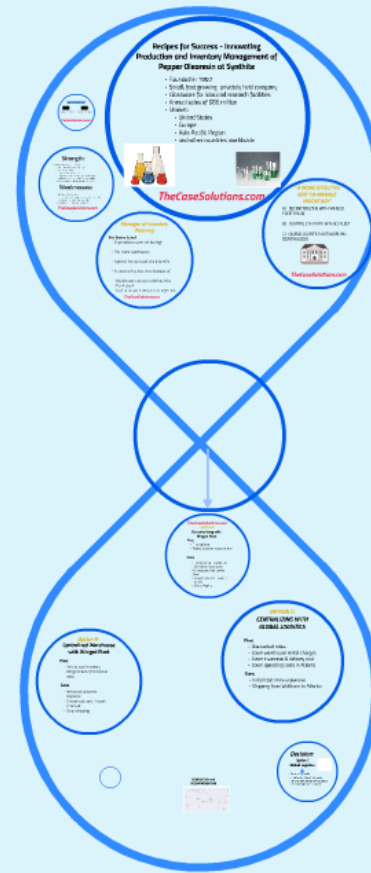
[TheCaseSolutions.com](http://TheCaseSolutions.com)

*Taylor Aguayo  
Rosalie Baker  
Stephanie Brito*

*Guadalupe Paz  
Omar Zepeda*

*Prepared for Professor Paul Murray  
MGMT 4500-1*

# Madras Cements, Ltd



TheCaseSolutions.com

## Recipes for Success - Innovating Production and Inventory Management of Pepper Oleoresin at Synthite

- Founded in 1992
- Small, fast growing privately held company
- Glassware for labs and research facilities
- Annual sales of \$86 million
- Market:
  - United States
  - Europe
  - Asia Pacific Region
  - and other countries worldwide



***TheCaseSolutions.com***

***"A MORE EFFECTIVE  
WAY TO MANAGE  
INVENTORY"***

A) DECENTRALIZING WITH WINGED FLEET (AS IS)

B) CENTRALIZING WITH WINGED FLEET

Twin Goal Emphasis:

GOAL  
Sales Growth High Customer Satisfaction

***CaseSolutions.com***

**Strength:**

...ing with target on:  
...e and creative design  
...products  
...customer service  
...ket entry creative product designs  
...cycle - the rate of the products'  
...ugh maturity and demise is low

**Weaknesses:**

...tory balances  
...capital needed for operations growth  
...ebt to capital ratio = 40%  
...inventory management

***CaseSolutions.com***

***Manager of Inventory***

## Twin Goal Emphasis:



Continued Sales Growth



High Customer Satisfaction

***TheCaseSolutions.com***

# Strength:

- Niche marketing with target on:
  - Innovative and creative design
  - Durable products
  - Superior customer service
  - Early market entry creative product designs
  - Lower life cycle - the rate of the products' cycle through maturity and demise is low

# Weaknesses:

- High inventory balances
  - tied up capital needed for operations growth
  - high debt to capital ratio = 40%
- Ineffective inventory management

***TheCaseSolutions.com***



## **Opportunity:**

- Increase market share
- Provide the highest service level
- Focus on innovative design
- Global expansion

***TheCaseSolutions.com***

## **Threat:**

- Competition copying their products
- Increased low-end
- removing back order
- Focus on innovative design
- Focus on global expansion

## *Manager of Inventory Planning*

### **Ava Beane found:**

- Expectations were set too high
- Too many warehouses
- Optimal Service Level Could be 95%
- Excess Ending Inventory because of:
  - Warehouse manager ordering extra
  - Trunk stock
  - Lack of proper inventory management

***TheCaseSolutions.com***

***s.com***

***"A MORE EFFECTIVE  
WAY TO MANAGE  
INVENTORY"***

- A) DECENTRALIZING WITH WINGED FLEET (AS IS)
- B) CENTRALIZING WITH WINGED FLEET
- C) GLOBAL LOGISTICS OUTSOURCING (CENTRALIZED)



***TheCaseSolutions.com***



***TheCaseSolutions.com***

***Option A:***

## **Decentralizing with Winged Fleet**

### **Pros**

- Time efficient
- Reduce customer response time

### **Cons**

- 15% of annual inventory in the regional warehouse
- Unnecessary high service level
- 2 week cycle and 1 week in transit
- 3 day shipping