Madras Cements, Ltd.

Scientific Glass

Taylor Aguayo
Rosalie Baker
Stephanie Brito

Guadalupe Paz
Omar Zepeda

Prepared for Professor Paul Murray
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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
Twin Goal Emphasis:

- Continued Sales Growth
- High Customer Satisfaction

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**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

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Opportunity:

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

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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

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“A MORE EFFECTIVE WAY TO MANAGE INVENTORY”

A) DECENTRALIZING WITH WINGED FLEET (AS IS)

B) CENTRALIZING WITH WINGED FLEET

C) GLOBAL LOGISTICS OUTSOURCING (CENTRALIZED)
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