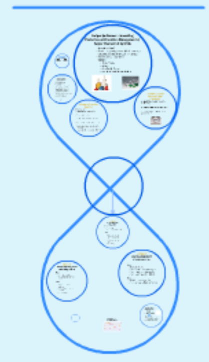
Scientific Glass Inc. :
Inventory Management



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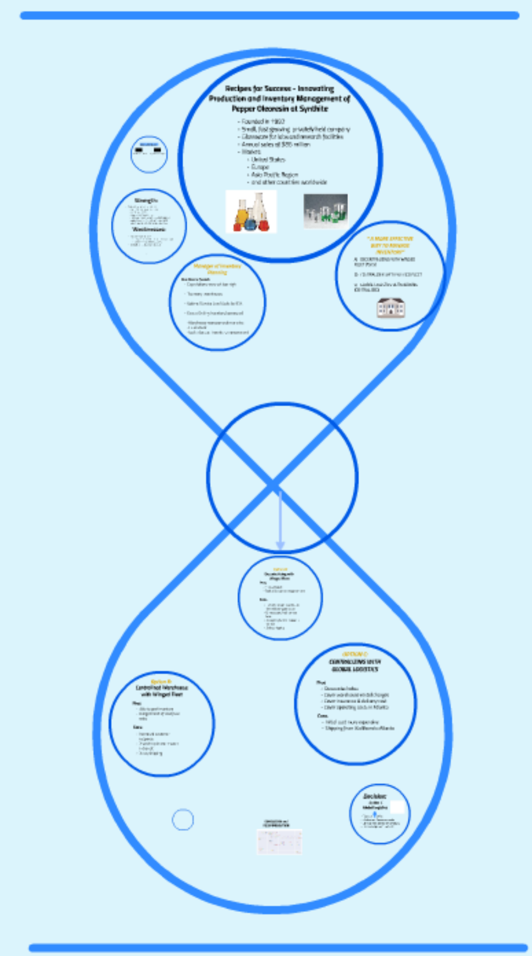
MGMT 4500-1



Thecasesolution.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

Twin Goal Emphasis:

AL GOAL

Sales Growth High Customer Satisfaction

rength:

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cycle - the rate of the products'
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eaknesses:

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

Manager of Inventory

" A MORE EFFECTIVE WAY TO MANAGE INVENTORY"

A) DECENTRALIZING WITH WINGED FLEET (AS IS)

Twin Goal Emphasis:

Continued Sales Growth

High Customer Satisfaction

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

Opportunity:

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

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

" 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