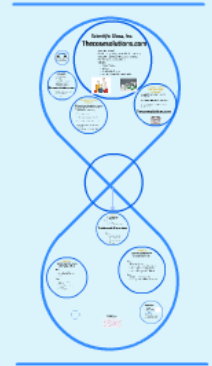


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Scientific Glass Incorporated: Inventory Management (Brief Case)

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Scientific Glass Incorporated: Inventory Management (Brief Case)

Scientific Glass, Inc.

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- 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



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

A) DECENTRALIZING WITH WINGED
FLEET (AS IS)

B) CENTRALIZING WITH WINGED FLEET

Manager of Inventory

Twin Goal Emphasis:

SALES GROWTH HIGH CUSTOMER SATISFACTION

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Strength:

Operating with target on:
Innovative and creative design
New products
Excellent customer service
Market entry creative product designs
Short product life cycle - the rate of the products'
High product maturity and demise is low

Weaknesses:

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High inventory balances
High capital needed for operations growth
High debt to capital ratio = 40%
Poor inventory management



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:

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- 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

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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

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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)

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Option A:

Decentralizing with Winged Fleet

Pros

- Time efficient
- Reduce customer response time

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Cons

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