

## INVENTORY CONTROL BOOSTS PRODUCTION AND SAVES COSTS

**ABOUT VENTURE STEEL.** Venture Steel, doing business as Acesco Caribe, Mfg., is based in Bayamon, Puerto Rico. The company is part of Acesco Group, one of the largest manufacturing groups in Latin America, with operations in Ecuador, Costa Rica, Panamá, Colombia and the Dominican Republic. In 2011, Acesco Caribe acquired the assets of Bayamon Steel, becoming the largest manufacturer and wholesale distributor of galvanized steel deck “Metaldeck” tubing, purlin, track, stud, and roofing components in the Caribbean area. The company operates out of the largest distribution center in Luchetti Industrial Park, Puerto Rico, and has close to 50 employees.

**THE CHALLENGE.** Acesco Caribe lacked a perpetual inventory system and formal material requirement planning process. Instead, employees were manually performing material control and validation processes for the company’s planning and purchasing activities. The company president reached out to PRiMEX (Puerto Rico Manufacturing Extension, Inc.), a NIST MEP affiliate, for assistance. A PRiMEX performance consultant conducted a walk-through of the facilities and interviewed several members of the key supply chain. They also reviewed customer satisfaction results and available shortages lists, using the information to develop a proposal for optimizing the processes of purchasing and inventory control. Once the president accepted the proposal, PRiMEX began collecting inventory data from 2011 through to mid-2014 to prepare a more thorough analysis.

**MEP CENTER'S ROLE.** PRiMEX used a Pareto analysis (ABC) to identify the products with the most usage and priorities, updating charts for trends and inventory parameters to reflect the independent demand of the finished products. Next, PRiMEX worked with a team from Acesco Caribe to develop and implement a cycle count program based on the ABC analysis, using units and dollar value. They calculated reorder point and economic order quantities based on a 95 percent customer service rating for all A and B items, and developed standard operating procedures for all changes, with a special interest on cycle counting to replace the physical counting process. PRiMEX helped the company to implement an MRP system for raw materials, and a pull system for purchasing planning and the inventory control process. They also integrated Visual Management to address the new materials and purchasing processes. Finally, PRiMEX trained key supply chain personnel, and the company president expressed gratitude “for the excellent guidance and assistance from your very capable staff.”

**“These services have provided great benefits that allow us to improve productivity and reach our goals. PRiMEX deserves much credit in this endeavor. Your work in assisting companies like ours is most needed so that Puerto Rico manufacturing companies can improve productivity and competitiveness needed for their success.”**

-Antonio Vega, President

## RESULTS



\$200,000 annual cost savings



Reduced product shortages by approximately **95%**



Processed **100%** of customers orders as scheduled

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