MEP National Network™

NEW YORK SUCCESS STORY

IMPROVED INVENTORY MANAGEMENT REDUCES COSTS AND INCREASES SALES

ABOUT REIMANN & GEORGER CORPORATION. Reimann & Georger (RGC) is a manufacturer of marine products (boat lifts/ docks), hydraulic construction tools and hoisting/roofing equipment. The company, initially founded in 1898, has been under the same family ownership since 1972. RGC currently employs 57 people within its 70,000 square-foot facility. The company's products are shipped both domestically and internationally.

THE CHALLENGE. Marine products (about 2/3 of annual sales volume) experienced annual growth of 20% for several years. Unfortunately, profitability did not keep pace due to excessive inventory, carrying costs and the related impact on cash flow. In effect, inventories remained at the same level proportionately in terms of sales percentage and realized only 1.8 turns annually.

MEP CENTER'S ROLE. RGC engaged Insyte Consulting to help resolve this situation. Current inventory (raw, WIP, finished goods) was analyzed to provide a better understanding of where the inventory dollars were tied up. Categories, such as high-dollar incoming components, were then assessed to determine if the current purchasing practices and min/max quantities needed revisions. Historical shipments were reviewed by SKU and analyzed for the top-moving marine SKUs. A current state value stream map, which included inventory, cycle time, change over, batch sizes, etc., was developed to identify where to improve the manufacturing system, smooth the flow and reduce WIP. The creation of a future state map specifically identified improvement points and prioritized those improvements based on related benefits. RGC then implemented Insyte's recommendations resulting in significant performance improvements.

"The project refocused the organization on the importance of inventory control and inventory processing. These improvements have been very sustainable as the business continues to grow while inventory turns continue to increase."

-Pat Greeley, CFO

RESULTS

- **$1.2** million in annual sales growth for marine products.
- **$600,000** in retained sales among current accounts.
- **$250,000** annual cost savings for inventory related expenses.
- Foundation for continuous improvement, e.g. Kan Ban, for marine products.
- Methodology to expand practices into two other major product lines.

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NEW YORK Manufacturing Extension Partnership