**Point of Use**

Program Introduction

*Prepared for*



**Submitted by**

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**CONTENTS**

**Subject Page**

**I. Overview** 3

**II. Planning** 5

**III. Stocking & Replenishment** 5

**IV. Administration** 6

**V. Support** 7

# Overview

Recent studies indicate that supply chain innovation is one of the top three strategic initiatives in more than 50% of manufacturing companies.1 Accutite Fastener Point of Use *(POU)* and Vendor Managed Inventory *(VMI)* Solutions represent a significant step toward optimizing your supply chain. Increasing working capital through best-in-class inventory programs to dramatically reducing material handling costs through POU deployment; Accutite programs drive bottom-line results. In short, Accutite frees both you and your capital to focus on your core manufacturing business.

Accutite’s POU and VMI programs are full life cycle solutions, not limited point service offerings. Our solutions are built around a continuous Plan-Design-Install-Monitor methodology that ensures GECKO needs are met today and as your business changes.



**Accutite Continuous PDIM Methodology**

* **Current state**
* **Needs Assessment**
* **Usage & Trends**
* **Future State**
* **Usage & Trends**
* **Business Changes**
* **Continuous Quality**
* **SKU Consolidation**
* **Quality Program**
* **Storage Blueprint**
* **Administration**
* **Training**
* **Testing**
* **Configure Storage**
* **Seamless Cutover**

From analyzing material needs to providing reporting and transparency required to maintain effective control, Accutite can provide a tailored program to meet your needs.

At Accutite, our primary focus is on delivering world-class POU VMI programs.

*The GECKO benefit?*

* Minimize inventory carrying costs
* Reduce non-value-added administrative and material handling activities
* Cut sourcing, planning, ordering, and expediting costs
* Shorten lead time through our Continuous Lead Time Reduction program
* Scale the program to include additional parts and "C" item commodities

*1 Aberdeen Group – Supply Chain Imperatives, 2007*

|  |  |
| --- | --- |
|  | **Process Maturity** |
|  | Level 1Foundational | Level 2Stable | Level 3Advanced | Level 4Best-in-Class |
|  | **Just-in-Case** | **Just-in-Time** | **VMI** | **POU** |
| **Working Capital** | *1* | *2* | *4* | *4* |
| **Warehousing** | *1* | *2* | *2* | *4* |
| **Material Handling** | *1* | *1* | *2* | *4* |

As organizations advance in inventory management process maturity, greater benefits are realized. While many customers aspire to process maturity level 4, their current maturity level may require making interim advancements to accommodate the change readiness of their organization.

**Inventory Management Process Maturity Model**

During the Planning Phase, Accutite works in close collaboration with your procurement, operations and engineering personnel to assess which program and improvement path optimizes your benefits. While actual results are unique to each organization, the following benchmarks reflect cost ranges for common procure-to-pay performance metrics that can be positively impacted by our programs.2

|  |  |  |  |
| --- | --- | --- | --- |
| **Cost Driver** | **Lagging** | **Median** | **Leading** |
| **Cost per-invoice ($)** | **$6.10** | **$3.99** | **$1.89** |
| **Cost per-line item ($)** | **$2.33** | **$1.66** | **$1.00** |
| **Cost per-payment ($)** | **$15.75** | **$14.21** | **$12.68** |
| **Procure to pay cost per purchase order ($)** | **$401.72** | **$180.71** | **$26.38** |

Our comprehensive delivery programs provide worry-free service and reliability for your production. Accutite tailors POU deliveries to meet the unique needs of your operating environment driving savings and value through:

* **Reliability:** line downs and back orders related to fastener supplies are eliminated
* **Cost Savings:** overhead for ordering, receiving, inspection and handling are reduced
* **Optimization:** entire procure-to-pay cycle is tailored to meet your requirements
* **Asset Management:** parts are delivered as needed; cash is not tied up in inventory
* **Control:** extensive reporting and analyses provide both control and transparency.

*2 Hackett Group and APQC Benchmarks – 2010*

# Planning

* 1. Long Term Material Requirements Planning

Our analysis ensures material availability identifying needs (including peaks, valleys and anomalies) and schedule changes. We keep your lines running while continuously improving inventory turns, cutting lead times and minimizing inventory obsolescence.

*Historical Usage:* in the absence of reliable MRP/BOM data, historical usage information is utilized to develop long-term forecasts and anticipate anomalies in production schedules

*MRP Gross Requirements:* unlike many canned systems, our proprietary software permits use of your MRP data to plan and forecast needs from actual production schedules. Potential inventory issues are proactively identified and addressed before production is affected.

* 1. Short Term Delivery Requirements Planning

Weekly delivery requirements are established through Accutite audits of inventory levels in stocking locations throughout your facilities. Pull cards or recorder point systems have been proven to be less reliable than the Accutite min/max bin fill system. Our process optimizes inventory availability while eliminating lead times and concern for shipment sizes

*Min/Max Bin Fill:* regular (weekly, bi-weekly, daily) audits are performed for each program part in your facility. Polybag unit packs and returnable bins allow us to review exact inventory levels, guarantee FIFO inventory practices, and provide 100% lot traceability to the POU

*BOM/MRP Driven:* your MRP forecast or exploded bill of materials and production schedules can trigger delivery requirements for a day or week. This system works well with repetitive environments, intermittent demand and dock to dock delivery.

# Stocking & Replenishment

Your business is unique, why should you be forced into a “cookie cutter” inventory program?

Accutite tailors programs to fit the unique requirements of each customer. Our solutions are designed to maximize inventory turns and process effectiveness, and always include Accutite’s unmatched commitment to quality.

Business changes and so do requirements. Through continuous active monitoring, we anticipate manufacturing and delivery anomalies, adjusting the program to avert potential delivery issues before they can affect your operations.

* 1. Delivery Requirements Planning

*Min/Max Bin Fill:* min/max bin fill program provides superior inventory control and rapid identification of fluctuation in inventory usage

*MRP & BOM Driven:* accurate MRP/BOM and production scheduling information can be used to trigger deliveries

*Low Volume:* a low-volume version of our min/max bin fill process can be used to address intermittent low-volume demands.

* 1. Custom Bar Coding

*Bar Code Auditing/Ordering:* bar code scanning bins or labels can generate orders or trigger bin replenishment

*Bar Code Receiving/Packing Slips*: bar coded packing slips can be used to record delivery receipts and download them to your system.

* 1. Custom Labeling

Labeling can be extensively tailored to meet your requirements. We provide full lot traceability for all packaging and containers in our POU programs. Your MRP/BOM "where used" information can be utilized to label POU locations and product models for each part number and container.

* 1. Shelving & Storage Solutions

Accutite's POU Rack and Bin Systems feature AKRO-MILS© and other leading storage products. Rack and bin systems and locations are custom designed in close collaboration with your personnel to maximize ergonomics and efficiency at each plant or production area.

* 1. Delivery Options

Point of Use requirements frequently vary between facilities and production programs. We design each facility's solution to optimize the efficiencies of POU delivery:

*Supermarket Areas:* multiple stores can be set up near the POUs

*Line/Cell Audit (stocking) locations:* to reduce material handling, production line delivery (audit) areas are supplied using racks and bins to service a work cell, area, or portion of a production line

*Work Stations:* to support high-volume and BOM-driven environments, material is delivered as required by workstation for specific shifts, days or weeks

*Kitting:* lot-traceable kit inventory can be maintained at each POU.

* 1. bORDER CROSSING

Accutite delivers material to the Mexico border free of charge. The client is responsible for crossing, duty, taxes etc. Accutite typically will provide the labor to stock material to POU, Supermarket etc. as needed.

Administration

* 1. E-Commerce

To reduce errors, time lag and costs associated with data entry operations, Accutite supports EDI, web-based and other electronic data transfer protocols. Our e-commerce solutions provide paperless management of:

* Procurement
* Receiving
* Accounts payable.
	1. Invoicing Deliveries

Accutite offers a wide variety of invoicing options:

Summary invoicing: weekly and/or monthly summary billing.

To reduce the cost and complexity of processing invoices and receiving documents, Accutite tracks deliveries, compiles information at customer specified intervals, and consolidates entries into a single invoice.

# Support

Accutite maintains a dedicated account management team to provide comprehensive support to GECKO in all key program areas (purchasing, engineering, materials, quality, and production). The sole responsibility of the Accutite account management teams is providing 100% reliability for GECKO ! The Accutite team will be an integral part of your day-to-day operations, providing value-added service and solutions for all *fastener/C-item* requirements.

* 1. Account Manager

Accutite Account Managers arehighly experienced fastener application experts responsible for daily engineering applications support and program performance.

Responsibilities include:

* Responsible for ensuring compliance with service level agreements
* Serves as focal point for communication and continuous improvement activities
* Conducts material needs analysis and coordinates VMI program
* Organizes manufacturing support, delivery logistics and support.
	1. VMI Representative

Accutite VMI Representatives provide on-site, on-call support and delivery of material directly to designated areas.

Responsibilities include:

* Delivers material directly to designated delivery areas
* Provides first-line response for delivery questions
* Maintains housekeeping of inventory areas and handling of returnable items
* Supplies on-call services to assembly lines.
* Services new program parts (samples, quotations, and alternatives)
* Drives part consolidation efforts (reducing number of SKUs).
	1. Executive Sponsor

Accutite designates a member of its senior staff as Executive Sponsor for key program accounts like GECKO . The Executive Sponsor is a designated escalation point for matters outside the scope of the Account Manager and VMI Representative.