

Managed Inventory Programs for Custom Components

H&H Swiss offers a variety of inventory management solutions as a value-added service to our premier customers. Benefits include reduced inventory costs, added flexibility and peace of mind that H&H Swiss' manufacturing processes are statistically capable allowing for dock-to-stock status.

We present a brief overview of several flexible programs designed for custom components. Unlike off the shelf items these component parts are manufactured for exclusive customer use. You may find a solution that's right for your firm in today's fast-paced business environment where winning orders is often contingent upon fast delivery.

Blanket Orders - Provide for flexible releases over a specific time period. Usually we recommend a maximum of 52 weeks. Best suited when annual quantities are predictable with a high degree of certainty while weekly or monthly usage may vary. Customer benefits include:

- Setup costs distributed over larger quantities reducing manufacturing costs.
- Raw materials purchased in larger quantities lowering input costs.
- Shipments as needed minimize customer's inventory and handling costs.
- Reduced inventory allows for improved floor space utilization.
- Process stability is maintained over larger order quantities run continuously on one setup.

Consignment Inventory – Similar to Blanket Orders except inventory is physically housed at customer's facility allowing hour-to-hour flexibility. Supplier may retain inventory in their plant ready to ship next business day as released. Customer agrees to accept responsibility for agreed upon production quantities in the event of obsolescence or no usage. Advantages are:

- Immediate access to components when requirements are dynamic.
- Minimized overnight transportation costs.
- Smaller lot quantities or standard box quantities are moved directly to the line usually bypassing receiving inspection. Usually supplier is already approved for dock-to-stock shipments based on historical quality performance.
- Invoicing at time of usage.
- Minimized paperwork for customer through batch processing of invoicing.

Vendor Managed Inventory – Supplier assumes responsibility for having sufficient inventory (and necessary safety stock) in customer's plant to meet production schedules and provide flexibility. This model is often employed very effectively in retail by the larger chain stores. The supplier has access to customer's MRP system, planning tools, forecasts and real-time usage. The supplier's on-site representative essentially becomes a "Virtual Employee". Substantial benefits accrue through mutual trust and loyalty by both parties.

- Supplier assumes full responsibility for managing inventory.
- Supplier absorbs costs of maintaining and moving components to points-of-use.
- Supplier becomes knowledgeable how and where components are used, and may identify alternate manufacturing processes to reduce costs and improve quality.
- Customer's resources can be redeployed in other areas of materials management.

Master Supplier – This is the next generation of inventory management. Suppliers agree to assume full responsibility for maintaining inventories of diverse product lines at multiple locations. A machining supplier may produce screw machine components as well as provide inventory management for all machined components. Supplier either manufactures or sources components to certified suppliers assuring quality and availability at lowest total cost.