



Productive Plastics, Inc.

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Raymond Corporation Kitting Case Study

Background

The Raymond Corporation is the North American leader in the design and manufacturer of the best built, best performing electric lift trucks in the market. As a member of the Toyota Materials Handling Group, Raymond specializes in delivering innovative solutions to their customers' needs, providing value-added products and services that enable their customers to improve the efficiency of their warehouse and distribution environments, and reduce their operating costs.

The Problem

Raymond had been using Productive Plastics to provide eight key components for their largest volume lift truck line, but growth in demand was outstripping their ability to produce the lift truck. They were happy with the product, but if they couldn't they couldn't increase production they would leave a significant opportunity untapped.

Raymond determined that their inability to meet customer demand for the vehicle was costing them a minimum of 10% of their growth in the product line. In addition, they were carrying \$90K/month in plastic inventory – tying up scarce capital, and allocating over 150 inventory locations for parts – taking up precious floor space that could otherwise be used to expand production.

Concerned about not being able to meet their customers' needs, Raymond approached Productive Plastics to see what we could do. Because of Productive Plastics' experience in producing large plastic components for other industrial manufacturers, we quickly recognized that the problem was a need to initiate line sequencing for the plastic components, and thereby increase plant capacity to meet customer demand of this vehicle.

The Solution

Productive Plastics proposed that we take responsibility for kitting the eight parts made for that product line, holding the inventory, and delivering them on a daily demand basis, with ordering and tracking supported by a modest modification in the IT system.

Results

The kitting program launched April, 2006, and the results have been even better than expected. Raymond has been able to fulfill an anticipated 20% increase in vehicle sales from 2006 to 2007. Additional benefits included were a \$77K/month inventory savings, elimination of 136 inventory locations, elimination of a previously-needed cycle count activity, an increase of inventory turns from 17/year to 130/year, and a 25% increase in production line efficiency due to product being delivered daily in line sequences.