



Productive Plastics, Inc.

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Caddy Corporation

Background

Caddy Corporation manufactures a complete line of food service equipment including conveyor systems, tray delivery trucks, exhaust systems, air purification systems, utility distribution systems and kitchen systems. Marketing these systems to restaurant, hotel, healthcare, prison and educational institutions, Caddy Corporation has developed a reputation for high quality, low maintenance equipment and customer service.

The Problem

As the market leader in tray delivery trucks having secured a 60% market share, Caddy was experiencing margin loss due to a problem with growing obsolete inventory. Caddy was providing the marketplace six different color delivery trucks and guaranteeing a six week delivery. In order to meet lead time demands, Caddy was forced to speculate on color mix based upon sales history.

Over time, Caddy's finished goods inventory had tripled and worse as market trends demanded updated colors for their trucks, much of this inventory had become obsolete. Caddy was forced to extend their lead times and purchase raw materials to order rather than speculate on color mix causing them to begin to lose market share. In addition, their current panel supplier was forcing them to purchase a minimum number of panels per color to meet their raw material supplier requirements.

Caddy found themselves with extended lead times and still no solution to a build up of unwanted inventory.

The Solution

When approached, Productive Plastics suggested Caddy remake their product line by offering a single color product and introduce a color coordinated low cost appliqué that could be easily installed on the unit prior to shipment.

The Results

Caddy was able to consolidate their truck purchases into a single standard color versus a custom matched color which reduced their raw material cost by 12% per truck and finished goods inventory was reduced over 40%. Obsolete inventory was completely eliminated and lead time to the customer was back to a six week minimum.