

Case Study- 6-Month Review of Supply Chain Management Program for an '04 Red Streak Manufacturing Client

Presented By: Red Streak Corporation

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Program Scope: Program consists of injected molded plastic pieces, CNC parts, various stampings, specialty fasteners, multi-cavity molded plastics (all tooling developed and provided by Red Streak.)

Economic Conditions in 2004 from 2003.

- Price of Raw Steel both Import and Domestic rose almost 100% between 3rd Qtr 2003 and 2004.
- Price of Non-Ferrous Metals increased 40-55% between 3rd Qtr 2003 and 2004, in some cases 80%.
- Prices of Nickel used in Nickel Plating has increased 46% year over
- Fuel Surcharges from common LTL carriers have increased from 2.3% in 3rd Qtr 2003 to over 14.1% currently; full truckloads are averaging 18-19%.
- Freight minimums and rates have overall increased a minimum of 6%, exclusive of the fuel surcharges, causing LTL freight to increase over 20%
- The price of diesel fuel has increased over \$0.60/gallon since January of this year.
- Global Energy prices have risen to an all time high causing much higher factory operating costs and input prices, plastics costs have increased 20% due to petroleum cost spiking.

Program Value Added Activities

- Elimination/Reduction of Component Raw Materials on shop floor.
- Web enabled replenishment system provided by Red Streak.
- Reduction of over 12 vendors
- New, continually maintained tools provided by Red Streak.
- 1st Article Samples at no additional development cost.
- Satellite Warehousing near facility to aid in JIT Inventory.

Looking to 2005

All indications that there will be no relief in the costs of inputs in the coming year. LTL's and package delivery companies will raise rates January 1st 2005 an estimated 6%. Metal prices will continue to climb as demand increases.

Program Results:

Client Spend based on '02-'03 Costs provided, with freight inclusive: **\$179,047.71**

Client Spend based on current Red Streak Costs: **\$152,016.43**

Client Savings for 6 Months: **\$27,031.28 or 18%**