



Client Reduces Production Delays and Inventory Management Costs



THE CLIENT

Our client is headquartered outside of the US. They serve customers around the world in business sectors such as oil & gas, mining, marine, construction and aerospace & defense. They are considered a 'best-in-class' leader in their industry and a trusted partner by their customers and suppliers, with whom they have long-standing relationships.



THE PROBLEM

The client was having issues with on-time, on-budget deliveries which was putting their valuable client and supplier relationships at risk. As a current client of Diamond Fasteners, they were interested in learning more about how a consignment inventory program might help them to solve their problem.



THE ASSESSMENT

The client suffered from a lack of inventory coordination and visibility. These shortcomings prevented accurate certification and documentation. Lengthy lead times for critical components led to limited stock availability and far too frequent purchase orders. As a result, all associated costs were not only unpredictable but also constantly rising.



THE DIAMOND FASTENERS SOLUTION

Our experts suggested establishing a true vendor-managed inventory system, in which all items needed for assembling primary product lines would be stocked by Diamond, ready for picking.

In this solution Diamond purchases existing inventory, repackaging items as necessary and maintaining them in inventory on behalf of the client, issuing a credit note with four quarterly buy-back payments. It includes creating customized barcode labels for internal inventory management. Diamond controls lot traceability, simply emailing documentation and certifications to the client in conjunction with replenishing shipments.

With this new streamlined process in place, Diamond experts projected that the client could expect significantly lower costs and greatly reduced paperwork, thanks to consolidated monthly billing rather than the existing shipment-based system.



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THE RESULTS

REDUCED PRODUCTION DELAYS

A full year into the new program, the client has had no production delays due to availability problems with consigned items. There are no blind spots in inventory visibility or record-keeping. The client's staff has been freed up to concentrate on high value activities rather than repeated manual tasks such as reconciliation and other paperwork.

LOWERED INVENTORY COSTS AND ALLOWED FOR LOWER PRICING

As a result of working with Diamond Fasteners, the client required less space, fewer people and less time to inventory the items that were still stored at their location. On the accounting side, regular monthly invoicing streamlined processes for both Diamond and our client.

Not only were monthly invoicing amounts reduced by 26% but costs also became more predictable. This enabled our client to charge less to their clients in turn, a true win-win situation.

IMPROVED LEAD TIMES AND PART AVAILABILITY

Lead times and part availability for nut plates were drastically improved. Prior to implementation of the vendor-managed inventory system, lead times would vary from 20-40 weeks, if not longer depending on the type of nut and material.

With Diamond Fasteners managing our client's inventory, we were able to significantly reduce lead time by sourcing items for the short term, initial setup and delivery, and long term of the program by stocking according to the expected usage provided by the client.

This balance of the stocking levels between the warehouses ensured for fast replenishment and constant availability of the items while improving the client's ability to shorten their lead times to their customers.

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