



NO TIME LIKE RIGHT NOW:

How Just-In-Time Inventory Reduces Costs and Increases Cash Flow



For those responsible for the inventory and fulfillment of consumer goods or raw materials, there's one word that sends shivers up your spine: Stockouts. Whether it means empty shelves where goods should be or idle hands on the production floor, stockouts mean lost sales or productivity. Worse, you might be losing your customers' confidence. Of course, overstocks are no better. Having too much inventory is wasteful when you consider how you could have invested that capital.

In today's on-demand world, the answer to both problems is often Just-In-Time (JIT) inventory. In fact, you're probably using some JIT concepts right now, because you understand it allows for lean inventory, increased cash flow, and reduced borrowing. But are you maximizing JIT?

Just-In-Time (JIT) is an inventory management method that increases efficiency and decreases inventory waste by receiving goods or materials just as they are needed. JIT can greatly reduce inventory costs and streamline operations, but it requires accurate forecasting and fulfillment. Many producers find an experienced Third-Party Logistics (3PL) service provider is the answer.

WHO USES JIT?

JIT is used in some capacity across almost all industries. The concept was pioneered by the Japanese auto industry decades ago, and it's especially useful in industries that use a production line or require an inventory of raw materials.

It's also commonly used for the fulfillment of consumer goods to retailers. In the digital age, JIT and drop-shipping go hand in hand, helping distributors and retailers send goods directly to the customer as the goods are ordered.



It starts with analyzing our customers' goals and designing a plan to meet those goals. Then it's all about supply-chain execution.

Our around-the-clock service ensures that manufacturers' needs are met no matter what time of day.

MIKE GILGER | EVP, MORAN LOGISTICS

JIT IN ACTION

Let's look at a real-world example. Here's just one way Moran Logistics, a 3PL based in Watsonstown, PA, used JIT to drive tangible benefits for a customer:

A leading manufacturer consumed large amounts of various raw materials on its production line, but the company didn't have the storage space to keep it all in-house. Moran Logistics analyzed the situation and tailor-made a supply-chain solution to meet the company's needs. The vendors who supplied the raw materials partnered with Moran to provide a just-in-time truckload delivery program. This allowed the manufacturer to free up storage space and only purchase the product as it was delivered.

JIT is not some one-size-fits-all solution. It's a customizable tool that companies like Moran offer their customers to squeeze out more efficiencies.

"It starts with analyzing our customers' goals and designing a plan to meet those goals," said Mike Gilger, Executive Vice President at Moran Logistics. "Then it's all about supply-chain execution." Mike says Moran often handles the storage of goods until they are called out by a customer. "We then follow the established SOPs for the customer and execute a delivery on our trucks. Our around-the-clock service ensures that manufacturers' needs are met no matter what time of day," he said.

That kind of custom, streamlined, and bottom-line focused approach to JIT has many benefits.

WITH JIT, YOU:

- Meet customer demand as they demand it
- Don't need your own warehouse
- Reduce inventory
- Increase cash flow
- Are able to invest in other areas
- Run a more efficient operation



ALREADY USING JIT?

If you're already executing JIT either in-house or with a 3PL, you're all set, right? Not necessarily. When considering whether you're maximizing the inventory method, here are three key factors:

- **Experience** – Every 3PL promises JIT will be a “game-changer,” but few have the experience, assets, infrastructure, and relationships to truly maximize opportunities – or the insight to steer you away from JIT if it isn't right for your situation. From market demand considerations to supplier relationship status, sometimes JIT isn't the best option.
- **Performance** – Does your in-house logistics team or 3PL have a proven track record of performing flawlessly? With JIT, even the smallest error can mean stockouts, lost sales, lost customers, and a bad reputation. There's no time (or “just-in-case” inventory) for mistakes. The hard fact is: Bad JIT performance can mean JOOB (Just-Out-Of-Business).
- **Proximity** – Location affects the bottom line. Big time. Is your provider strategically located to take full advantage of the market? The closer you are, the less money it costs for transportation. Moran, for example, can reach 60% of North America in 8 hours or less.



Moran Logistics is an asset-based 3PL located just minutes from PA's major highways. With over 40 years' experience, we're in business for your business. Learn more about our "Whatever It Takes" philosophy and value-added services.

