



## Low Hanging Fruit - Harvesting the Benefits of a Generic Case Program

It does not take a fleet of engineers, packaging consultants or a million dollar capital budget to harvest the benefits that derive from implementing a generic case printing program. It takes common sense and a leader willing to adopt the philosophy that *when you change the way you look at things, things will change the way they look*. Applying this principle to the use of pre-print for case marking means focus on the core issue that forces pre-print corrugated inventory to be so costly and tough to manage, and make a change.

The fundamental problem (core issue) of using pre-printed skus is that purchasing is driven by the production schedule, and this will cost you dearly. You will hemorrhage cash daily and negatively affect the bottom line. You will also place an undue burden on your employees leading to frustration levels running high and customers eventually affected with late deliveries. It is not a good long term purchasing strategy to maintain.

If you *look at things differently*, what will come into focus immediately is the vast difference between managing generic case inventories versus individual pre-printed skus. Previous Iconotech white papers have discussed this in detail. Today, we will talk about harvesting (cost justifying) the project by looking at three main areas of expected cost savings. One of these areas is sure to pay for the capital equipment in the first year, and position you to reap the benefits for years to come.

Let's look closely at three main areas where companies typically save huge bundles of money.

***Consolidate and buy more of less:*** Your corrugated suppliers already provide you with a mechanism to reduce costs significantly. No uncomfortable face to face negotiations needed. By consolidating all of your pre-print skus with common case sizes into one generic plain box, the economic result is magical. What you really do is amortize the set-up costs over a larger purchase of generic cases. For example, instead of buying 10 pre-print skus with volumes ranging from 1,000 to 5,000, order 20,000 of the one generic case size. Saving 10% to 40% is common.

***Avoid costly rubber print dies:*** Traditional flexo rubber print dies can cost as little as \$250 and as much as \$3,000. If you have an active marketing department that needs to make changes, or you have a growing company with an expanding product line, this should be an area of concern for you. It does not take much to rack up annual rubber print die costs of \$10,000 to \$50,000 or more.

**Obtain competitive bids:** If you are like most companies, competitive bidding your pre-print skus is something you would like to do, but just cannot seem to find the human resources or time to do it. You know you can find savings, but is it worth the effort ?

If you *think differently* and move to generic, you will have two key elements on your side:

- 1) With a generic case program you only concentrate on the 10 to 20 genric case sizes and historical usage, not the complex maze of information and data that surrounds hundreds to thousands of pre-print skus.
- 2) Since you no longer require rubber flexo print dies, they will not cloud your decision to change to a more competitive vendor.

Many companies have secured another 10% to 25% savings on their cost of corrugated through competitive bidding.

A project leader can usually justify a project from one of these three key cost savings areas. Following implementation, however, it is amazing to see the overall effect upon an organization by moving to a generic case printing program. Here are additional areas of cost savings you should expect to find as you move to full implementation:

**Warehouse space:** Generic case inventories require a fraction of the space previously allocated to pre-print inventories. Close down expensive outside warehouses. Opening up in-house warehouse space may be just what you needed to add that much needed production line.

**Production line interruptions:** Some producers calculate the hourly cost of production downtime at over \$10,000 per hour. How many hours have your lines remained idle simply because you could not find the pre-print cases or cases were never ordered due to the needlessly complex purchasing process?

Try explaining to your customer the reason the order was not produced or shipped was because the boxes were not available. This will be a real confidence booster.

**Scrap corrugated:** Have you ever wondered why your pre-print book inventory never seems to agree with your perpetual inventory? There are two reasons why this is so.

- 1) With all the pre-print inventory in the warehouse, the blocked aisles, the double and triple stacking of bundles, your count team quite possibly missed it.
- 2) Another reason is that pre-print inventory can find its way to the dumpster

without drawing much attention. Lets face it, pre-print cases that sit for prolonged periods can warp and bow, causing huge scrap rates when run through automated packaging equipment and formers.

***Obsolete corrugated:*** Pre-print cases often contain nutrition and ingredient statements, brand names as well as time sensitive information. These change and your pre-print inventory is obsolete.

What if your company changes ownership? All of your pre-print cases have the wrong company name and logo. Do you continue to run out the old pre-print, hoping no one will notice? Do you hand-apply labels to correct the information? What about the cost and logistical nightmare of fixing all the flexo rubber print dies ?

None of these problems exist with a generic case printing program.

***Streamline and simplify your process:*** Managing a generic case inventory is incredibly simple. No more requests to the warehouse to cycle count the pre-print inventory everyone in the plant is already feverishly trying to find. No more heart pounding confrontational calls to your corrugated supplier, trying to convince them your company is the greatest and deserves special treatment to replace the pre-print boxes you cannot find. No more frantic promises to your supplier this will not happen again. Go generic and make this a reality.

Life in the warehouse is also streamlined. Generic cases arrive on a scheduled truck during regular working hours, rather than on an emergency shipment coming in at midnight. Space is allocated for the 10 to 20 generic case sizes, and a simple walk through the warehouse each morning can alert you to any stock issues. Since you have assigned space, and you have planned deliveries, you can actually rotate the older stock to the front and properly place the fresh inventory to the rear. Wow, this is a concept normally lost to chaos.

The bottom line, streamlined processes require less labor to accomplish greater results.

***Safety:*** Many pre-print case inventories are warehoused in areas they long ago outgrew. Corrugated warehousing usually finds itself pushed to remote areas of the building. Many companies are reluctant to fund the cost to open outside warehousing. The result is that pre-print corrugated inventories are stacked with storage as the goal, not safety. Stuffing as much in the warehouse as possible becomes the objective.

How many warehouses have blocked aisles and passageways? In case of a fire, these may be the only routes out of the building. Are you ready for your annual fire inspection?

How many warehouses utilize unsafe stacking heights? Double and triple stacking can be unstable. How much will it cost if an employee is injured or killed?

As previously discussed, generic case inventories require a fraction of the space. Make safety a priority again.

Cutting the cord to pre-print and going to a generic case printing program will reap rewards that go straight to the bottom line. They come from the purchasing advantage of buying more of less, eliminating the cost of printing plates and gaining the freedom to purchase at the most competitive prices. Generic case printing will also streamline your packaging process, increase safety, eliminate frustration, and dramatically reduce obsolescence and scrap, which boosts your profits and is a responsible contribution to sustainability.

\*\*\*\*\*

To learn more about Generic Case Printing or the Iconotech line-up of case and bag printers, visit our web site at [www.iconotech.com](http://www.iconotech.com) or call our sales staff at 800-521-0194.