



Production Driven Purchasing Drives Up the Costs of Pre-Printed Cases

Everything about the traditional model for purchasing pre-printed corrugated cases is wrong.

When companies switch to a Generic Case Printing Program, they can save anywhere from tens, to hundreds of thousands of dollars annually and make substantial progress into the conservation of resources and the elimination of printing plates, scrap and obsolescence.

The trigger to order pre-print usually comes from an inaccurate production schedule or sales forecast and is SKU related. As a result, ordering pre-printed corrugated shipping cases often leads to inventory overload, because it is driven by fear and speculation. Fear, because delivering late, short or not at all is considered a death penalty. Shutting down a production line, unscheduled line changes or sending people home is just as bad. Speculation exists because you would do anything to it. This is the start of a downward spiral.

Human nature will always err on the side of buying sku specific boxes early so they will be in inventory when production is ready. It also leads to over purchasing to eliminate the possibility of running out during a production run.

From the buyer's standpoint, it is the lesser of two evils to over purchase than to suffer the consequences of shutting a line down. However, excess inventory is subject to becoming lost, forgotten, damaged or obsolete. Ultimately, it becomes scrap.

Let's take a typical example of a 4,000 case batch run for a specific SKU. You order 5,000 cases to get a better price break and be assured of not running short should the run exceed the estimate. The run ends up at 4,212 leaving an overage of 788 SKU specific cases to be moved off the floor and back to the warehouse. This product is only run every two months, so the boxes sit for a while.

The production schedule shows a new run coming up of 3,000 pieces. It is the week before so, what do you do? Inventory says you have 788 in house. Are the books right? You think you know where they are, but someone has to locate them. Meanwhile, you are late ordering, so playing it safe, you order 4,000 more.

You call your supplier and have the same confrontational phone call you always have when you order late. He really doesn't like it but does it anyway. Eventually, it comes back to you in the form of a price increase.

The shipment arrives just in time for the run and assuming it is correct, you run. You decide to leave the 788 in inventory. It's easier to take the whole run out of what just came in rather than dig out what was already in house. The run falls short and you only use 2,537. You have an additional 1,463 cases to log into the books and put away.

Several things can and typically do happen. In the panic to get the next run going, the cases get set off to the side to be put away later. The shift changes and no one knows why these cases are sitting there. Perhaps they go back, but you can't find where they go or you can't get to where they go, so maybe they just sit in the aisle.

Potentially, there are 2,251 of the same SKU, in two places. This condition mushrooms with each production run. Day after day, month after month, year after year. Compound it by 500 different SKUs and soon you need additional warehouse space.



What seemed like such a great idea 8 years ago when you had 10 SKU's turns into an absolute nightmare at 500 SKUs. Now, you are drowning in a sea of inventory, scrap and obsolescence and it is costly, very costly. Especially when you consider the price premium you pay for small orders of pre-print that inevitably occur and the possibility for injuries in the potentially unsafe working environment.

By contrast, ordering generic cases puts the control in the buyer's hands. With a generic case program, **the trigger to order is based on usage for a COMMON CASE SIZE, not on a SKU, and this is HUGE.** Ordering a greater number of a **generic size** rather than a lesser number of a specific SKU drives the unit costs down dramatically in addition to reducing inventory.

The hazardous aisles, jumbled inventory, overloaded warehouse, leased outside space all go away. Space once taken by obsolete inventory can now be converted back to productive activities. Case inventories can easily be viewed to verify if stocks are getting low.

Sure, you will have to plan for a certain safety net of generic cases, but the safety net for 10 generic sizes pales in comparison to that of 500 SKUs. And if one supplier cannot make a delivery, the absence of all those printing plates makes it easy to purchase from another supplier.

The fact that you are no longer tied by printing plates to one case supplier puts real purchasing leverage in your hands. Imagine the cost advantage of bidding out purchases to several suppliers, a terrific assurance of getting the lowest cost.

The Iconotech Case Printing System offers the greatest similarity to pre-print. It gives the same large print area and flexibility for graphics for enhanced brand marketing and replicates pre-print quality. But the user gets the huge cost advantage of buying and inventorying generic cases.

Compared to other technologies, Iconotech's printers are fast, flexible, extremely durable and virtually maintenance free. They provide a generous 11" x 32" print field. Graphics, product information and bar codes are quickly created in the BarTender program or imported directly from Adobe Illustrator. The key to the Iconotech process is the unique stencil material; a Mylar film mounted to a nonwoven fiber backer. Print layouts are output to a thermal imager that burns through the Mylar and exposes the backer. The stencil is placed on the print cylinder and the non-toxic, oil/water emulsion ink passes through the stencil and prints in direct contact with the box.

You print what you want, when you want it, on your terms. Match that up with your current costs and it is easy to see the cost justification.

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 or call our sales staff at 800-521-0194.