Sayre Product Line Integration Project Executive Summary

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Executive Summary

In early June 2011, Avery Dennison Corporation announced the finalized decision to move printer manufacturing operations from a location in Sayre, Pennsylvania to another Avery facility in Miamisburg, Ohio. Previously owned by Paxar Industries and later acquired by Avery Dennison, this branch had been in operation since the mid 1970's, but began facing several issues including excess capacity, poorly managed inventories, unstructured procurement policies, high overhead costs and misaligned operational practices in the earlier parts of 2000. Avery executives were hard-pressed to find cost reduction solutions across total business practices, so they looked to the Sayre plant as one possible alternative. The Printer Systems Division in Miamisburg was already fully operational and boasted one of the largest manufacturing facilities Avery owned. With teams already heavily invested in printing platform knowledge and expertise, this business unit was capable of adding another similar printer line to its portfolio. The transition to Miamisburg was seen as a strategic business decision made in an effort to consolidate and centralize manufacturing while still maintaining a level of customer service.

Beginning in December 2011, the Sayre employees began to box, package and label for shipping all of the components in their inventory. The onsite Miamisburg Oracle team started to brainstorm which information technology functions and processes would be required to integrate item master data, specifications and bills of material into the current operating ERP system and data mainframes. In early January 2012, the inventory items started to ship in waves to Miamisburg. While best efforts to manage the inbound inventory were given, it quickly became apparent the workloads were overwhelming and the business process was failing. Over 6,300 new part numbers would need to be recognized in the Miamisburg inventory, but there was very little structure or involved management of the transition.

Preliminary investigations and reports would show a significant amount of the absorbed Sayre inventory was either obsolete or stranded from bills of material or specifications. Prior to the move, many printer models were discontinued from the manufactured lines at Sayre, but inventory was still held and maintained for after-sale service reasons. Numerous items are not tied to an active bill of material (BOM) or were incorrectly cross-identified. Items were also incorrectly set up in the Oracle database item master, creating inaccurate planned purchase order drive for the procurement team. In addition, the Sayre sourcing team tactical operations were subpar at best, as would be later discovered by the perplexing inventory compilations. The Sayre team lacked many of the fundamental essentials necessary to run a lean, and most importantly, a cost-effective environment. Furthermore, many processes were not documented by the operations teams at Sayre, leaving Miamisburg to scramble during production efforts to find correct procedures to enact quickly. Lastly, many items were inactive in regards to the manufacturing of current models, but Avery policy states spare parts must be provided for up to 5 years past the obsolescence date of printer systems.

An effective integration was necessary, and the management of such a large endeavor had to be micro-managed and driven by a knowledgeable team within Miamisburg. This project for Wright State University’s Master’s Program was chosen as the overall impact of a successful integration would provide substantial cost savings and streamlined performance to Avery Dennison’s Printer Systems branch. The strategic deliverables of this project include the complete data scrubbing and cleansing of all Sayre item numbers, re-mapping of all bills of material and build specification reports to correctly identify manufacturing needs, sourcing of inventory buy items to Avery Miamisburg standards and the transfer of service inventory to the Field Service sub-inventory location. Regarding the aforementioned deliverables, the expected cost savings to be realized from this capstone project total approximately $1,000,000+ between inventory optimization efforts, manufacturing centralization and concurrent sourcing tactics and negotiations over a 12 – 18 month period. The body of this report will highlight the many tasks necessary and/or completed to achieve this stated goal.