



Excelsior's Oatmeal Studios: Half the Labor, 20% Less Inventory and On-time Delivery in the High 90% Range

A GBMP Client Case Study

Excelsior Printing, of North Adams, MA has roots in traditional printing that date back to 1892. Today the company provides a full range of marketing, distribution, print and digital communication services. A privately held company, Excelsior's entrepreneurial, experienced staff has built upon its traditions of quality and integrity, evolving to become a full service creative solutions company today that is made up of several specialty divisions.

Oatmeal Studios— a specialty division of Excelsior

In 2010 Excelsior acquired Oatmeal Studios, adding humorous greeting cards and notepads to its line. Oatmeal Studios has served thousands of retail outlets nation-wide for over thirty years, and offers over 400 designs that feature unique, colorful graphics and on-the-mark humor. All these products are manufactured in the U.S. and the greeting cards are printed with vegetable-based inks on recycled paper.

In March of 2012 GBMP's Dwight Bowen worked with a team of employees producing Oatmeal products, undertaking an improvement project to address problems with labor and inventory costs. Armed with some basic lean training, the team studied how orders were currently filled and inventories replenished. Experienced operators worked together to gather measures for current processes and then developed ideas for improvement and plans to implement them. The team set targets to reduce finished goods inventory by evaluating SKU's and inventory turnover among the 400 cards sold, and created a plan to reduce labor costs by 40% by developing a kitting cell.

Fast-forward to July 2012 and the results are in:

- ✓ **Dollars of inventory has been reduced by 20%** by setting up kanban programs for the fast-moving half-dozen pack products and eliminating the low volume dozen packs.

- ✓ **Required number of operators has dropped from 4 to 2** (i.e. a 50% drop in labor costs) based upon changing the layout to allow for more efficient workflow, and the two people who were freed up have been redeployed to areas/processes that needed help.
- ✓ **On-time delivery remains in the high 90% range**, and the percentage of orders ordered and shipped same day has risen.
- ✓ **Storage space for finished products has been cut by 50%**. The space saved has allowed Excelsior to service a new customer.
- ✓ **Re-run orders have been cut in half**, freeing up production capacity and reducing replenishment lead-times.

Excelsior's Production Manager, Mark Gebbie, talked about the value of the improvements made to the Oatmeal production processes. "We are in a very competitive business and if we are not continuing to improve every day we can't expect to maintain or grow our market position. This kind of change, where we let our experienced operators gather the facts and bring their knowledge and creativity to the table, makes all the difference for us. When they can see that small changes like reducing motion, in one case by simply getting an old conveyor out of the way that no one used, help them, and help the customer and our business, and we allow them to 'just do it', it is pretty exciting."

Owner David Crane could not be happier about the changes in the business. "I really have to congratulate this team. They did a great job, very quickly coming up with some simple but impactful changes. In an era of rising costs and customer demands for lower prices, this type of continuous improvement is necessary and extremely important. Plus, it's fun! We will be continuing to do more and more of this."

GBMP CI Manager Dwight Bowen noted, "The time spent working with this team was great and I am so pleased they have exceeded the goals they set in just about all cases. The processes to fill card orders and replenish stock were very labor-intensive, and with a little encouragement the employees were able to identify what was getting in the way of their work and come up with excellent countermeasures."

For more information about Excelsior please visit www.excelsiorprinting.com

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