

# To Become Lean at MPC Promotions' Caterpillar Merchandise Centers.

By Desiree Bui

## INTRODUCTION

Caterpillar Inc. contracted MPC Promotions, corporate brand apparel, promotional marketing, and an advertising distributor to create Caterpillar licensed merchandise for Caterpillar Merchandise Centers. The warehouse that allocates MPC Promotions' Caterpillar products – located in East Peoria, Illinois – is in charge of ensuring the products arrival to each Caterpillar Merchandise Center in the U.S.

## KEY FACTS

- Caterpillar Merchandise Centers have 9 different locations, the main store located in Peoria, Illinois.
- There is only one warehouse that distributes inventory to the 9 stores.
- The 4 employees working at the warehouse are in charge of shipping orders, managing inventory, and transferring products to the stores.
- The Merchandise Centers and warehouse have issues with inventory miscounts from product transfers, heavy and repetitive backorders on popular products, and excessive restock of unpopular and unnecessary products.

## PURPOSE

In order for businesses to expand and become more efficient, they need to examine their business model with lean principles in mind. Currently, the Cat Merchandise Center warehouse is dealing with many forms of waste (*muda*); to prevent any more possible forms of waste, the company must implement a considerable amount of changes to their production and distribution system.

## PROPOSAL

In an effort to eliminate waste – whether it be excessive inventory, indirect incurring costs, or inaccurate inventory counts – the company should consider these following suggestions:

- Hiring 2-3 more employees at the warehouse to prevent excessive workloads for current employee, as heavy workloads can increase the chance of human error in production and distribution system, such as inventory miscounts.
- Implementing a pull-system for inventory, making production and distribution demand based, as opposed to pushing products the stores and customers do not want / need and receiving little to no inventory of the products in high demand.

