

▶ IS JUST IN TIME DEAD YET?

JASON FLANZBAUM, PRESIDENT, BOCA BEARING COMPANY

In the early 1950s, Toyota developed an inventory strategy that would forever change industrial manufacturing. Known as “Just In Time” (JIT), the system allowed companies to operate as lean and efficiently as possible by planning for inventory to arrive as it is needed.

The system proved so successful that it was almost universally adopted by industrial manufacturers. Retailers also embraced the JIT revolution, using the extra space to put more wares on display. JIT became a de facto standard that shaped the last half century.

Then COVID-19 arrived, and once-solid supply chains crumbled,

crippling manufacturers that had grown reliant upon having inventory on hand when needed. All over the world, people are still feeling the effects of the JIT collapse.

But is it done? Did Just In Time die of COVID-19?

Probably not, but the ensuing crisis certainly has businesses reconsidering their inventory strategies, just as my company, Boca Bearings did years ago.

THE VALUE OF INVENTORY

Like retail space, warehouse space can be costly. And it’s always costly to tie up your company’s working capital in inventory, especially if it is

just going to sit on the shelf.

But at Boca Bearings, we decided that gaining new customers was worth it. We recognized that when customers wanted something we didn’t have in stock, they weren’t likely to come back. And why should they? We’ve already failed them.

As attractive as running lean can be on the balance sheet, it doesn’t really help a company grow. To do that, you must have everything your current customers need, and also enough for new customers who may show up.

Let’s imagine a hamburger joint that sells 100 hamburgers at lunch-time on Monday. In order to make service quicker on Tuesday, they make 100 hamburgers in advance. If only 80 people show up, they will have wasted 20 percent of them, but that’s still better than what happens if 150 people show up, and a third of them go away angry and hungry.

OUR METHOD

That’s why Boca Bearings uses a hybrid method of keeping inventory. Like most modern companies, we use software that examines the ebb and flow of customer demand and estimates how much of each of our 9,000+ SKUs to stock.

But we also keep stock on top of that. In fact, our baseline for inventory is to keep from 6 months up to 5 years worth of inventory in stock at all times. That is our growth capital.

This year, Boca Bearings celebrates our 35th year in business, and we are still growing. While many competitors have struggled over the past couple of years, we have posted record sales, due in part to having stock to offer.



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▶ INVESTING IN PARTNERSHIPS, PRODUCTS AND LOGISTICS

TYLER SAMAGALSKI, DIRECT OF INDUSTRIAL, FLUID POWER AND PERFORMANCE, DAYCO N.A. AFTERMARKET

With the industrial market continuing to gain ground despite supply chain challenges, the Dayco team has been focused on expanding our presence within the U.S. and Canada through aggressive product development, strategic partnerships and enhancements to our sales, inventory and operations planning processes.

Last year, we became active members of the Power Transmission Distributors Association (PTDA) and the Power-Motion Technology Representatives Association (PTRA) to ensure we were supporting our distributors and working with the right representative organizations. We will begin utilizing price file formats to match industry standards as well as a MAP pricing policy to protect online sales for distributors.

On the product front, we incorporated more than 50,000 new part numbers for raw-edge V-belts, industrial belts, water pumps, pulleys and tensioners, as well as launched an extensive value line of hydraulic hoses and couplings called Kwik-Flex. As we head into the second quarter, we'll be introducing a comprehensive industrial belt line under our Gold Label brand that will include V-belts and banded belts designed to perform better on a wider range of industry applications.

Along with our growing product line comes enhanced logistics so it's as easy as possible for our customers to do business with us. At the close of 2021, we inked a partnership with PTM Industries Inc., a large Canadian-based agency well-versed in the power transmission space to help with

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sales and distribution of our new belts. We are also stocked through a third-party logistics warehouse in Dallas, with more planned warehousing in the U.S. This helps ensure that we have the products our customers need when they need them.

Dayco's industrial products are already used by some of the largest companies in the world. Ranging from low horsepower machinery to


high-output equipment, we cover applications that use belts to transmit power and hydraulic solutions to move pressurized fluids in the industrial, agriculture, fleet, lawn and garden, construction and oil field industries. To check out the full line of Dayco's industrial products, visit daycoaftermarket.com and click through to the North American section of the site.




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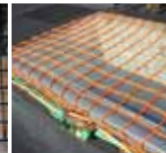





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