

Why Just In Time



Just Doesn't Make Sense

Because Recovered Paper isn't a manufactured product, the normal rules of economics don't apply to how mills should manage their inventories.

In fact, Moore & Associates has proven why typical Just In Time inventory practices can actually increase procurement costs and reduce mill profits.

This report from Moore & Associates helps mill buyers better justify that JIT buying doesn't work in this business. And, it quantifies the additional costs incurred by short inventories.

Order the report, *An Analysis of Recovered Paper Inventory Practices*, by calling us or visiting our website at www.MARecycle.com for an order form.

MOORE

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The world's leading consultants to the paper recycling industry.

Recovered Paper Inventory Practices

A Price Analysis Report by Moore & Associates

Introduction

The trend over the last fifteen years at recycle mills in the U.S. markets has been to reduce the amount of recovered paper supply inventory. This practice, approaching “just in time” inventory, has been adopted from other general manufacturing business efficiency improvements. The obvious impetus for this trend is to control working capital tied up in inventory costs. While it may be an effective capital conservation methodology when purchasing supplies, parts, and manufactured raw materials, Moore & Associates has documented that JIT has contributed to excessive recovered paper price volatility.

One of the easiest and most practical approaches for hedging the price of recovered paper is to maintain higher inventory levels that can be bled off when the market goes above certain levels. It takes great discipline and company vision to actually practice this and, of course, it has the down side of extra carrying costs. In tight markets, it also is difficult to keep inventory levels at a point where material can be bled back into the marketplace when necessary. High inventory is the primary buying strategy of the Chinese mills.

Methodology

Moore & Associates maintains the world’s largest database of recovered paper prices. A confidential summary of data from approximately 100 mills is used as the basis for this analysis. A statistical model develops the correlation between recovered paper prices and days of inventory held.

Inventory Impact on the Cost of Recovered Paper

The last part of the report compares the increased cost incurred by short inventories - expressed in \$/ton increased per day of inventory.

Recovered Paper Inventory Practices Order Form

Moore & Associates is pleased to provide this Recovered Paper summary report covering the history of inventory practices and cost implications at recycle mills in North America.

Report Price: \$1,750

To obtain your copy of this report, please complete the order form and FAX or mail to:

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Your Name _____

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For more information, call 1-770-518-1890