

ZAGO MANUFACTURING COMPANY REDUCES INVENTORY TO BOOST THE BOTTOM LINE

BACKGROUND:

ZAGO Manufacturing Company is an award-winning family-owned business manufacturing high-tech sealing fasteners and switch boots. Their story began over 27 years ago at the New Jersey Institute of Technology Enterprise Development Center Small Business Incubator. From there, ZAGO Manufacturing grew into a full-fledged global manufacturing company operating from a 100-year old refurbished factory located in Newark, New Jersey.

CHALLENGE:

Inventory is difficult to manage. Having too much is a costly burden. Too much product sitting on shelves is wasted money. ZAGO Manufacturing was working with a tremendous amount of inventory generated from over-production of custom-manufactured parts. This inventory was not taking up space, time, and putting stress on employees. Much of it became almost impossible to find and it was clogging up their system.

To first identify the challenge, ZAGO Manufacturing worked closely with their NJMEP Account Manager. Together they found that the company wanted to address their packed warehouse and uncover where else they could add value to their business.

SOLUTION:

NJMEP and ZAGO agreed that an Inventory Management and Value Stream Mapping project would provide the highest possible return on their investment.

To address the inventory challenge, the first step was to implement a new inventory management system. The Value Stream Mapping project helped identify non-value-added waste in the entire workflow. Jackie Luciano, Vice President, and Gail Friedberg, CEO of ZAGO worked together with NJMEP's consultant to identify the system that would make the most sense for their operation. Leadership guided the implementation of an inventory management system by following the guidance of NJMEP's resource. The next step was to determine what to keep, what inventory to dispose of and how to keep better track of it all. ZAGO Manufacturing now has a more efficient and effective way to process and manage inventory moving forward.

RESULTS:

ZAGO Manufacturing has experienced the following benefits from their work with NJMEP in 2019:

- **RETAINED SALES: \$200,000**
- **EMPLOYEE RETENTION: 2**
- **EMPLOYEE CREATION: 1**
- **COST SAVINGS: \$150,000**
- **SAVING INVESTMENTS: \$50,000**

"Sometimes you need someone from the outside to point out [an inefficiency] to make a major change in the way you operate. I would recommend NJMEP to any manufacturer. Some of the best companies I know have worked with NJMEP and have become even better." – Gail Friedberg, CEO, ZAGO Manufacturing

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