

Adding Value with Scrap Management

1 The Problem

Worthington Steel teamed up with a customer specializing in currency to identify areas of operational improvement to increase value. Together, they delved into the customer's key operational processes: working inventory, scrap management, waste reduction, and forecasting accuracy.

After initial analysis, it became apparent that issues with the customer's scrap management program were the most significant contributor to lost revenue.

3 The Delivery

Once the program plan was laid out, the customer asked Worthington's scrap management experts to manage all its facets.

Worthington worked to ensure the new processes were carried out efficiently, that scrap was processed to maximize its value, and that weight discrepancies were eliminated, guaranteeing accurate compensation for their loads.

2 The Approach

As with all metal stampers, scrap was a sizable income driver for the customer. It was the second-highest contributor to revenue after sales. Worthington Steel's Scrap Management Team gathered at the customer's plant to form an intra-company effort to optimize the scrap program.

They considered the current processes, how to increase scrap value, and how to reconcile documentation discrepancies for their scrap loads.

4 The Outcome

After Worthington implemented and oversaw the customer's scrap management program, the scrap revenue increased by over \$400,000 yearly, a significant return on investment.

Building on this success, Worthington and the customer developed a business plan that offered shorter lead times, increased capacity, and addressed facets of inventory management, further enhancing the financial benefits of their collaboration.