

# 3 steps to recover profit

01 Eliminate Excess Stock

02 Reduce Lost Sales

03 Minimize Cost and Time

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why

## 01

### Eliminate Excess Stock

- Increase Profitability by avoiding knockdowns, write downs and obsolescent write offs
- Lower the working capital costs of holding excess stock
- Improve opportunity costs associated with warehouse and store level space utilization

how

- Excess stock is automatically identified as stock over and above the model inventory.
- Excess that can be redistributed to other sites is targeted for action.
- Outstanding orders are identified for delay, cancellation or reduction in quantity.
- Orders are automatically generated targeting the model stock level and therefore this limits the build-up of excess stock.
- Prevent excess stock by accurate forecasting of demand.

# 02

why

## Reduce Lost Sales

- Increase sales revenue
- Increase customer service levels
- Increase customer retention and loyalty
- Increase share of wallet
- Increase customer spend per transaction based on increased availability
- Improve demand planning ability
- Improve product mix understanding
- Improve follow-on sales
- Reduced safety stock and hence associated holding costs
- Avoid lost sales associated with slow moving items

how

- Accurate forecasting of demand is applied through the use of:
  - Inclusion of previous lost sales.
  - Customer and sales force input.
  - Inclusion of causals and events to manage promotions.
  - Proven forecast algorithms.
  - Forecasting groups of related items at an aggregated level.
- Forecasting for the total demand of the item and splitting this demand through the supply chain network.
- Forecasting new item demand using existing items with a similar demand pattern.
- Identifying slow moving items and applying a different inventory model for these items.
- Ability to quickly and efficiently forecast hundreds of thousands of SKUs.
- Improving supply availability by:
  - Correctly and dynamically setting the safety stock levels.
  - Automatically accounting for variance in supply and demand.
  - Accurately predicting the lead time to delivery.
- Exception management for:
  - Early identification of potential stockouts and recommended corrective actions.
  - Early identification of unusually high fluctuations in the current sales.

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why

## Minimize Cost and Time

- Focus attention on the 20% of items that mean the most to the business
- Achieve a high level of automation from demand planning to policy to order placement
- Achieve efficiency and effectiveness in managing the business

how

- Using event based alerts and exception reporting, the responsible person is notified when stock availability is low, forecasts are incorrect or excess is above an acceptable level.
- An interactive front end displays relevant information to the user and is also customizable by the user.
- E-mail, SMS or publish reports automatically according to a schedule, for instance, send branch managers their excess stock information.
- On-screen upload to the transaction system where users can change order quantities and dates before the orders are created. The order authorization process tracks the creation, uploading, deletion and the modification of recommended orders.
- Remove the need for continuous manual setting of policy and hence the repetition of these tasks by using an automatic policy.
- Stockouts and lost sales can be automatically tracked and added to actual sales to predict forecasted demand.
- Exception management improves supplier management by identifying orders that are early (hurts cash flow) or late (poor service to customers) and identifying suppliers with large variances in delivery times.
- An efficient forecasting engine timeously and accurately forecasts the bulk of the items, leaving the team free to perform other tasks.
- Using item and role assignment ensures that the people with the correct product and company knowledge forecast, set policy, generate and approve orders.

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