



Assessment INVENTORY

**How Much Is Really Needed To Support
Your Customer Service Objectives?**

KEY OPERATIONAL METRICS INCLUDE:

Financial

Revenue
Gross Margins
Materials Cost
Production Cost
Distribution Cost
Inventory Cost
Cash-to-Cash

Demand

Forecast Trend
Forecast Accuracy
Order Fill-rate
Fill Rate to CR
Fill Rate to CCD
Order to Delivery-
Lead-time

Inventory

Days-in-Inventory
Inventory Turns
Inventory Write-off's
Finished Goods
Work-in-Process
Raw Material

Operations

Resource Utilization
Distribution Plans
Production Plans
Sourcing Plans
Performance to Plan
Production Yield
Production On-time

Material

Vendor Sourcing
On-time Performance
Slow Moving Material
Age of Material

THE CHALLENGE YOU FACE

Inventory is a necessary “evil” in most complex supply chains. Its purpose is to enable an organization to protect itself from both demand and supply variability. Therefore, if you reduce variability in demand and supply, you can also reduce your inventory investment and deliver significant value to your company.

What drives this variability?

Adexa consultants can help you understand what are the drivers of inventory and help develop tangible strategies and process improvements to reduce your inventory investment and increase delivery performance & responsiveness to your customers.

THE METHODOLOGY

The key to reducing inventory is understanding and managing variability in other areas of the supply chain and applying the appropriate inventory strategy that minimizes inventory and maximizes performance.

Adexa works to identify areas for improvement in each of these areas to:

- Evaluate effectiveness and maturity of key supply chain business processes that influence/effect inventory such as forecasting & demand planning, inventory and supply planning, order management and mix optimization
- Apply customer and product segmentation rules and analyze demand accuracy and variability
- Build a customized multi-echelon inventory optimization model (MEIO) that matches your supply chain
- Create multiple scenarios that recommend inventory targets at various service levels and compare this to your historical inventory positions
- Analyze inventory performance especially in the area of excess, aged and obsolete inventory.

INVENTORY ASSESSMENT DELIVERABLES

An Inventory assessment must deliver tangible results and items that can be implemented immediately to improve supply chain performance. Typical deliverables from the assessment process are as follows:

- Comprehensive report on forecast accuracy, bias and variability across multiple forecast streams—such as customer, sales and marketing. Segmentation rules for Product, Customer and Inventory will be applied so that performance is measured using multiple dimensions
- Recommendations on forecasting process improvements
- Inventory performance report including benchmarking of turns, cash-to-cash cycle, excess & obsolete by various segmentation categories
- Recommended inventory targets by product and location at various service levels and potential improvements to customer service and reduction in pipeline inventory
- Recommend inventory planning and build strategies linked to segmentation policies.

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 Seoul, South Korea
 Shanghai, China
 Taipei, Taiwan

OUR PEOPLE

The Adexa Strategic Services team is comprised of individuals who have all held senior roles in running large and complex supply chains. Our consultants are able to leverage the collective professional experience of the group to guide your organization through the assessment process. In particular, they are experienced leaders in Sales, Inventory & Operations Planning, forecasting and demand planning, supply planning and order management.

GETTING STARTED

The main purpose of Adexa's Strategic Business Services is to put our experience at your service, at any time. There is no prerequisite to own Adexa solutions, and there is no obligation to purchase Adexa's planning technology, before or after engagements.

ABOUT ADEXA

Since 1994, some of the most visionary companies in the world run their supply chains on Adexa. Its Profit-Driven solutions uniquely combine and link together demand, supply, and operational planning with financial optimization—because every decision affects the bottom-line. As a Result, Adexa clients are the best-in-class when it comes to cost and inventory management, productivity, customer service and revenue generation. That includes such global leaders as AMD, Boeing, Fujitsu, GM, Toshiba, Shimano, Mannington, NEC, Sharp Microelectronics, Samsung, Siemens, and Unilever.

For more information please visit www.adexa.com

