



EyeOn product inventory assessment

Right-sizing your inventory

Improve service levels, reduce obsolescence risk, improve cash position, reduce time-to-market, or simply be more adaptable to changes and events: there are many reasons why companies may want to right-size the amount of inventory in their supply chain. Reducing inventories while at the same time getting better grip on service levels can typically be achieved with simple means. It starts with understanding the reasons for holding inventory.

There are different reasons and purposes for keeping inventory: cycle stock is caused by ordering in quantities, pre-build inventory is kept in anticipation of temporary supply constraints, safety stock enables companies to keep satisfying customer demand even if there is uncertainty in the market and the supply chain. Companies may also carry some stock that really is not selling anymore. Knowing the composition of your inventory is key in understanding how to right-size them. Safety stocks in particular, are typically an area where significant steps can be made with little effort.

The EyeOn Inventory Assessment decomposes inventory in its different types (safety, cycle, etc.). Based on an analysis of uncertainty in supply and demand, safety stocks are right-sized to meet the target service levels. We build a model tailored to your specific situation to let you evaluate the impact of a differentiated service level approach. The assessment answers questions like: What are the differences between items and how to deal with them? What is optimal trade-off between service level and inventory? What is the impact of lead times and supplier uncertainty?

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Approach

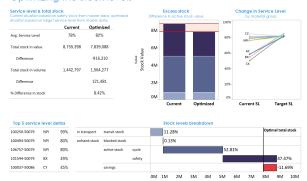
Kick-off workshop Collect business rules and assumptions DATA COLLECTION KICK OFF & Data collection and validation Collect relevant data and check on completeness, consistency and integrity **Execution analysis** Break-down inventory in its components Lead time analysis Compare actual lead times to planned lead times Forecast and demand analysis ANALYSIS Analysis of forecast error and demand volatility over the replenishment lead time ABC/XYZ-categorization Classify items based on relative importance and demand volatility Safety stock analysis Calculate optimal safety stocks and generate safety-stock vs. service level trade-off curves WORKSHOF Feedback workshop & handover Explain approach and share findings of the assessment, and set directions and priorities for implementation Optional: report customization READ-OUT Develop a tailored report-out dashboard

Results

- Full insight in inventory composition and savings potential, including quick-wins
- Optimal safety stock settings per item-location given the target service level
- Additional safety stocks needed to mitigate supplier uncertainty
- Results are delivered in PPT and (optional) in a PowerBI or Tableau-dashboard that lets the stakeholders assess various what-if scenarios

The inventory management assessment is entirely based on data from the ERP-system incorporating company specific business rules. The results are validated with key stakeholders. The result is a robust safety stock proposal that typically allows for a substantial inventory reduction while at the same time improving customer service levels.

Optimizing the stock levels



Interested?

You can contact us at mail@eyeon.nl for more information or to make an appointment.

Our promise

We apply proven innovations on forecasting and planning. We approach our client's challenges in the most pragmatic way possible. We deliver results by knowledge and turn challenges into opportunities. This is how we develop and implement fit-for-purpose improvements with impact.