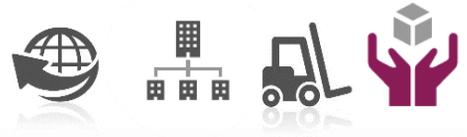


Inventory Management



Do you really need inventory, and if so how much?

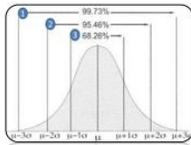
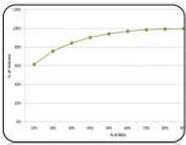
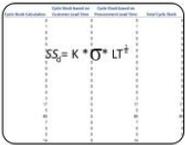
How do you satisfy the accountants that the level of inventory held is efficient, and at the same time satisfy sales that the level of inventory held will meet customer service targets? What levers will allow you to reduce inventory, but still meet those customer service targets and cash constraints? Inventory ties up capital, costs money to store, costs money to handle, and can become damaged or obsolete. In an ideal world, with the exception of work in progress, there would be no inventory in a business. Material would flow through the supply chain with no bottlenecks, and the inbound supply rates would be synchronous with the outbound supply rates. A perfect world, but does that sound like your business? If you need to protect supply, you need inventory. If you can't supply when the customer wants, in the quantity they require, then the customer will go elsewhere. So, inventory is critical to the success of your business - the question becomes how much inventory?

How much inventory?

Inventory levels are often driven through the sub-optimisation of other processes, optimal production quantities or economic order quantities being typical examples, or they are based on averages and rules of thumb. Sub-optimisation and rules of thumb are inefficient – they lead to over-stocking, obsolescence, increased handling, reduced margins, service level failure and lost customers. In order to optimise your inventory levels, and balance them against the service your customers require and the cash you have, you need to treat inventory management as a science, not an art. The answer to ensuring you have 'just enough' inventory lies in the analysis and understanding of the drivers in your supply chain, such as demand profiles, lead times and capacity constraints. The variability of these drivers needs to be assessed through statistical modelling and probability assessment. This is the science of inventory management, and it is the only way to ensure your inventory is optimised and balanced with service and cash.

How can we help?

Our consulting team are highly skilled in inventory policy development. They have considerable knowledge and experience in defining policies and algorithms that can ensure your inventory levels are optimised, justified and balanced with all your business needs. Our team are highly proficient in:

Data Assessment 	Statistical Analysis 	Product Classification 	Formula Modelling 
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