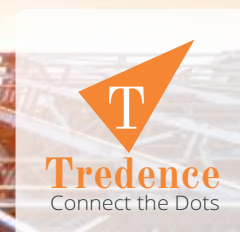


# DEVELOPED A COMPREHENSIVE ANALYTICAL SOLUTION TO IDENTIFY UNDERPERFORMING INVENTORY AND ENABLED CORRECTIVE ACTIONS

For a leading manufacturing client in North America



## ABOUT THE CLIENT

The client is the North American branch of a leading thermal insulation materials manufacturer. It has 5 plants and 10 warehouses with an average yearly distribution of 1 billion pounds with a dollar value of \$700M+

## SUMMARY

The client wanted to identify underperforming inventory in order to stock the right mix of SKUs to avoid overstocking of inventory. To achieve this, we created

- Unified platform to track underperforming inventory for all users spanning across different business units
- Further, we enabled the creation and tracking of actions against underperforming inventory to rationalize underperformers across all categories

## APPROACH

The approach broadly comprised a 2-step solution that blends the nature of the product i.e. standard/customized and optimal storage time.

### Devising Rules

- We analysed past sales data to classify products as high, medium and low selling and used product class to create rules to classify inventory into the underperforming category.
- Segregated underperformers further into Slow and Non-Movers and proposed category and product class-based actions to treat the underperformers.
- Created rules to tag and quantify an inventory to Excess, Permissible or Shortage range based on multiple metrics like product class and category.
- Created an Opportunity Cost model to help the client realize the leakage in revenue because of the current Inventory Management process in place.

## Developing Framework

- We created Tableau dashboards that
  - Helped user to track all basic metrics across warehouses
  - Enabled user to realize inventory across the underperforming category
  - Enabled user to identify under and overstocked inventory
- We also used Smartsheets as a project Management tool. These sheets held the list of all the underperforming products with relevant information for the user to take necessary actions.
- Connected Smartsheets to Tableau to reflect the actions taken in real-time and created a one stop solution for users
- Enabled the smart sheet and eventually dashboards to track any kind of business exceptions while identifying underperformers.

## KEY BENEFITS

- The comprehensive solution tracked the basic day-to-day inventory flow and the analytical layer highlighted the underperformers, excess and shortages in inventory
- The Opportunity Cost model highlighted the leakage in revenue as a potential income
- Excess and shortage classification helped client with effective inter-warehouse transfer and production plan
- Smart sheets helped the executives keep track of the corrective actions taken across each department and increase transparency and accountability

## RESULT

- Our analysis helped the client to move nearly 97M pounds of inventory which were slow moving or non-moving resulting in around \$4M+ in annual savings.
- The Opportunity Cost model helped client cut leakages by 25-30% saving \$1.5 M.
- The turnaround time to treat any underperforming inventory decreased by 5 times after just 3 months of applying the solution.