



Case Study

**Optimising stock levels,
maximising service delivery**

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If the supply chain is a complex engine, then effective inventory management is the lubricating oil that makes it run efficiently.

Increased competition, longer supply chains and shrinking product lifecycles has made the job of inventory management even more of a challenge. Over the course of many years successful consultancy in this area, we have developed a set of tools and techniques that increase product availability and customer service, remove excess inventory and in most cases reduce the financial burden at the same time.



“A key requirement in the selection process was to avoid changing our business IT systems. Whatever system we chose had to be simple, easy to administer and work with the existing systems in each business; which were all very different.”

David Jones

*Divisional Managing
Director*
FAST

The Client

Fenner Advanced Sealing Technologies (FAST) is a provider of seals and sealing solutions to the global fluid power industry, and a company with a reputation for technical excellence.

FAST have a portfolio of some 14,000 products, a manufacturing base predominantly in the UK and distribution routed through nationally based sales companies. A significant proportion of product is required on an ex-stock basis.

The Challenge

FAST recognised that they were losing business opportunities through a lack of product availability and inconsistent delivery performance, which was considerably below the objective of 95% OTIF against acknowledged delivery dates.

Despite the failure to meet the required service, there was an unacceptably high level of stock in many areas of the supply chain. As a result The Consultancy Company was asked to develop an approach to establish and maintain a market leading service that achieved a consistent 95% OTIF delivery performance, without incurring excessive levels of inventory to achieve it. In addition, the process had to be deliverable in a manner that was specific to individual country needs and IT capability.



“Any ERP or packaged inventory system can only take you so far. What our tools and techniques do is to work with them to identify and manage the inevitable elements of uncertainty that are unique to your business, which means you are prepared for anything, but can achieve it without excess levels of stock or high levels of obsolescence risk.”

Richard Wale
*Principal Consultant,
The Consultancy
Company*

Our Approach

The following three-stage approach was used to deliver the objectives defined at the outset of the project:

1. Initial Analysis

At each location, an analysis was made of the existing inventory management policies to identify the effectiveness of the inventory being carried. This was compared with an optimised solution, using more effective replenishment rules. With readily available data from each business's IT system, a profile was built that FAST could challenge, test and play with. The results showed that service could be increased to 95% with significantly less stock in most instances.

2. Define and Agree Inventory Policies and Processes

Taking the results from these initial analyses, and combining them with the business and market needs/demands, our inventory consultants refined the process to deliver a carefully tailored solution that would provide a consistent, competitive level of customer service. The financial and physical stock requirements were determined and agreed prior to implementation in the final phase of the project.

3. Implement the Agreed Inventory Policy & Processes

Having determined the stocking parameters for all items that were to be 'stocked', and agreed the levels of customer service required; the data was uploaded into the local host IT systems for their standard replenishment processes to use.

The replenishment process maintains each item at the optimum level, and by refreshing the data monthly, using a simple set of techniques, the most recent trends and demands are recognised and incorporated into the stocking and replenishment processes.

Benefits

- Recognisable, sustainable improvements in customer satisfaction.
- Achieving a consistent OTIF delivery performance in all locations, with many at or close to the target of 95%.
- A new inventory management process that continually adapts to the demands of the individual markets and subsequent business needs.
- Physical stock aligned to both the strategic and tactical business requirements.
- Simple visibility and quantification of actual and potential slow moving and obsolete stock in all locations, with monthly reporting of the provision calculation using the Fenner Group accounting rules.

Can we help you optimise
your inventory?

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