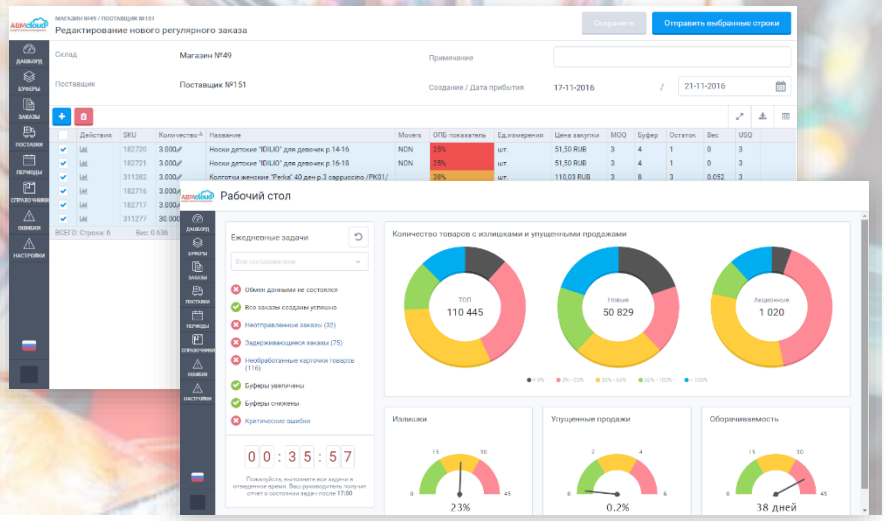
ABM Inventory
SUPPLY CHAIN MANAGEMENT SYSTEM

Trading Network

# «IZHTRADING»



# Food Retail Company

- 90 stores
- 50 000 types of products in assortment

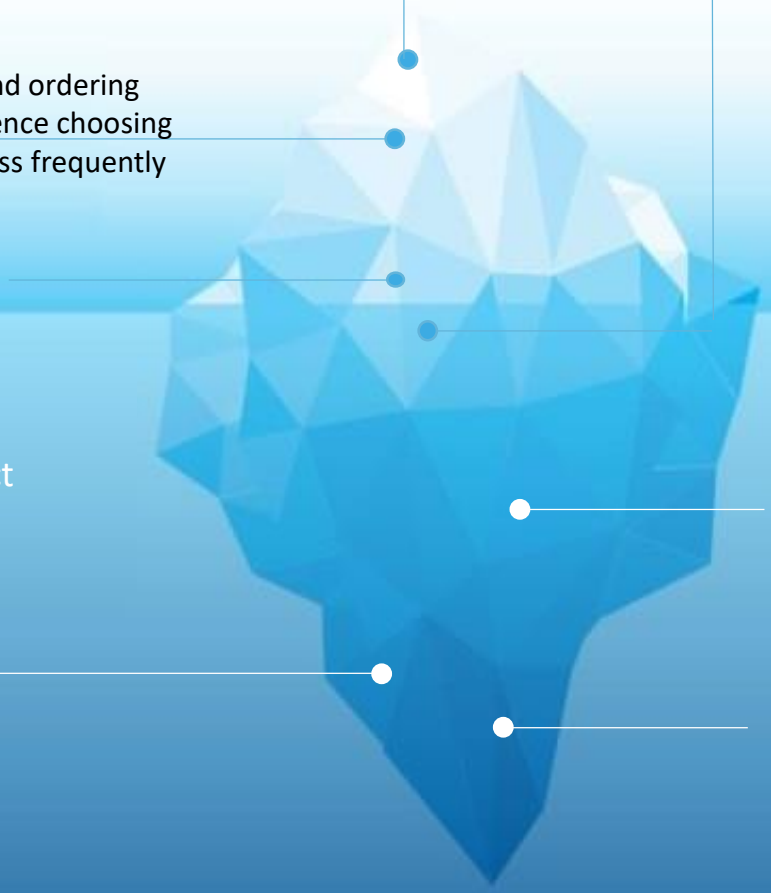
- In-house milk, meat and consumer goods production
- Recognized as one of the leading trade marks in Udmurtia and beyond

# SITUATION PRIOR TO PROJECT IMPLEMENTATION

Orders were created by managers in each retail outlet

High percentage of mistakes due to ''human factor''

Each manager was operating and ordering large quantities of SKUs, and hence choosing consequently to place orders less frequently and in bigger volumes



Numerous factors, distorting stock volumes existed across stores (delays with receiving inventory, delays with inventory returns, thefts, losses etc)

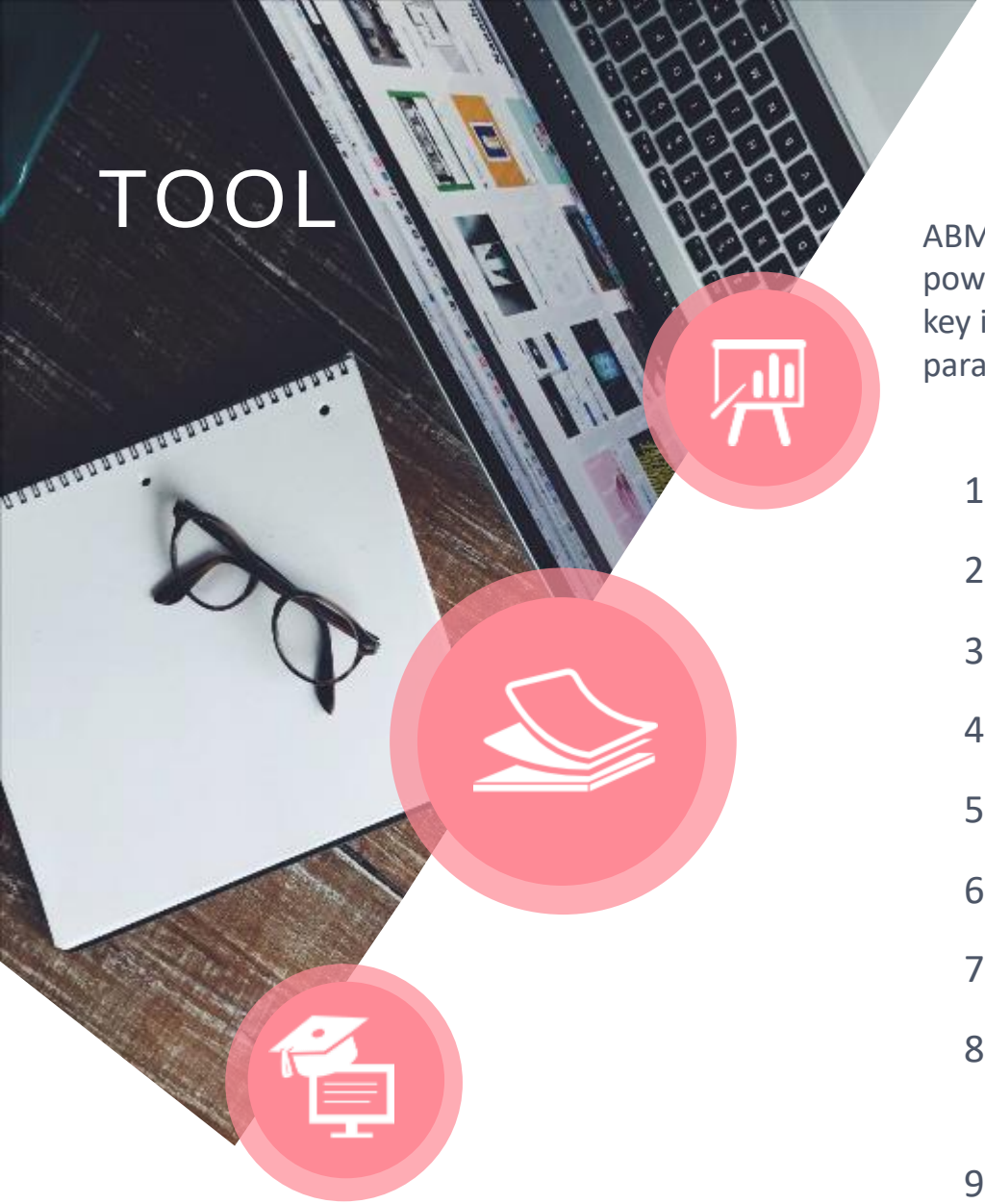
Product assortment format was not unified, hence managers in each outlet placed orders for products they deemed necessary

Correct data about product display was missing, there were more SKUs in a product mix than space in the shops, therefore managers were choosing independently which inventories to display

Data on Minimum Order Quantities, Undivided Supply Quantities, weight, volume was not updated on constant basis, which led to mistakes in orders

# PROJECT OBJECTIVES

- Centralization of order placement
- Optimization of product assortment, decrease of excess inventories
- Improvement of turnover indicators
- Staff Optimization



# TOOL

## SYSTEM CAPABILITIES

ABM Inventory – is an Inventory Management System with powerful BI Analytics module for analysis and control of key indicators of Stock management in a context of various parameters

1. Auto-order
2. Order placement schedules
3. Keeping track of placed orders
4. Estimation of supplier reliability
5. Assortment management and optimization
6. SKU withdrawal from product range
7. Operating alternative products
8. Adjustment to promotions and seasonal demand fluctuations
9. Detailed BI Analytics

and many other features and capabilities

# Project Implementation

01

Initial buffers (target levels of inventory) in each storage location for all SKUs were calculated. Dynamic Buffer Management Algorithm was enabled.

02

Major product categories were included into the System. 690 000 SKUs are being managed by the System. 1500 – 2500 orders are being automatically created and sent to suppliers daily.

03

BI Analytics Module was enabled

04

Such stock management KPIs as overstocks or lost sales levels, turnover period of a company are being re-calculated and updated daily.

05

The system contains a powerful BI analytics module (based on Qlik Sense platform), which allows viewing all these indicators across various parameters (commodity groups, managers, brands, regions, suppliers, periods etc)

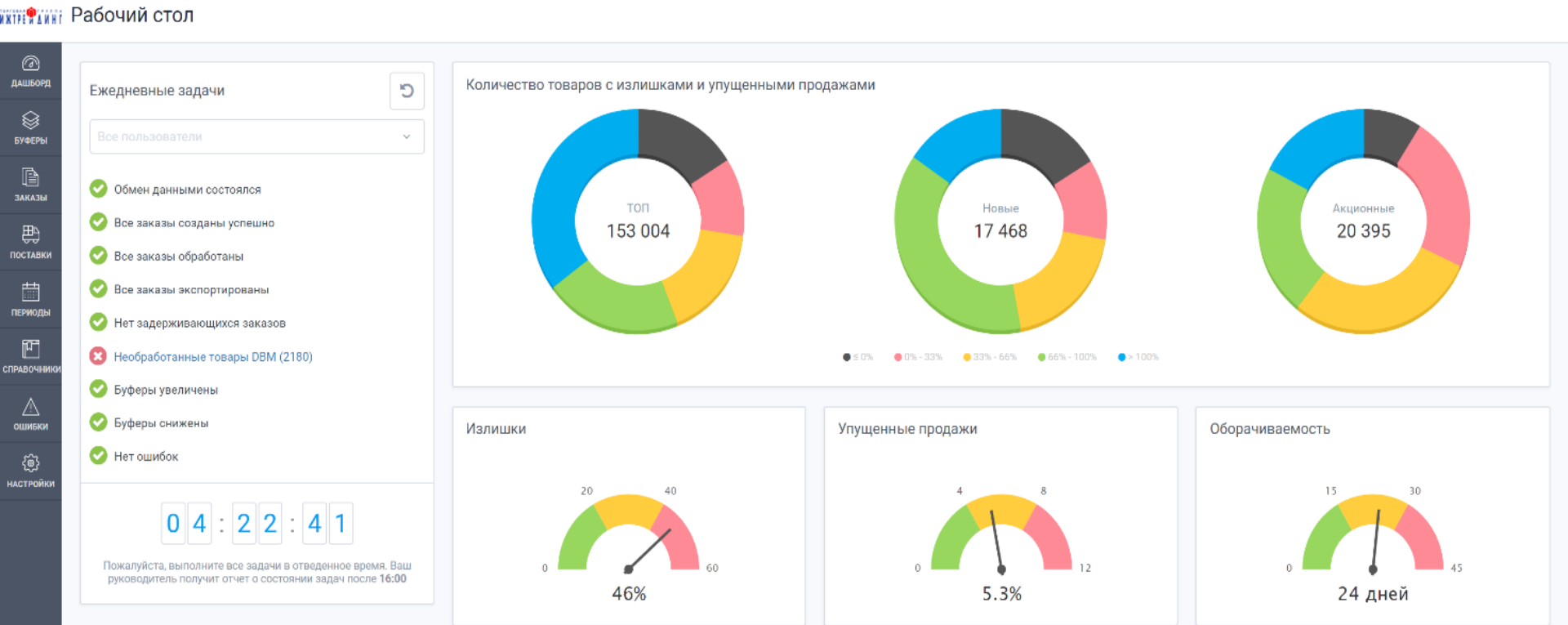
06

Moreover, certain reports are being generated by the System and periodically sent by e-mail to responsible managers with a certain frequency. Such comprehensive reporting systems allows to continuously monitor situation with inventories at various levels.

# Dashboard

## SYSTEM HOME SCREEN WITH KEY BUSINESS PERFORMANCE INDICATORS

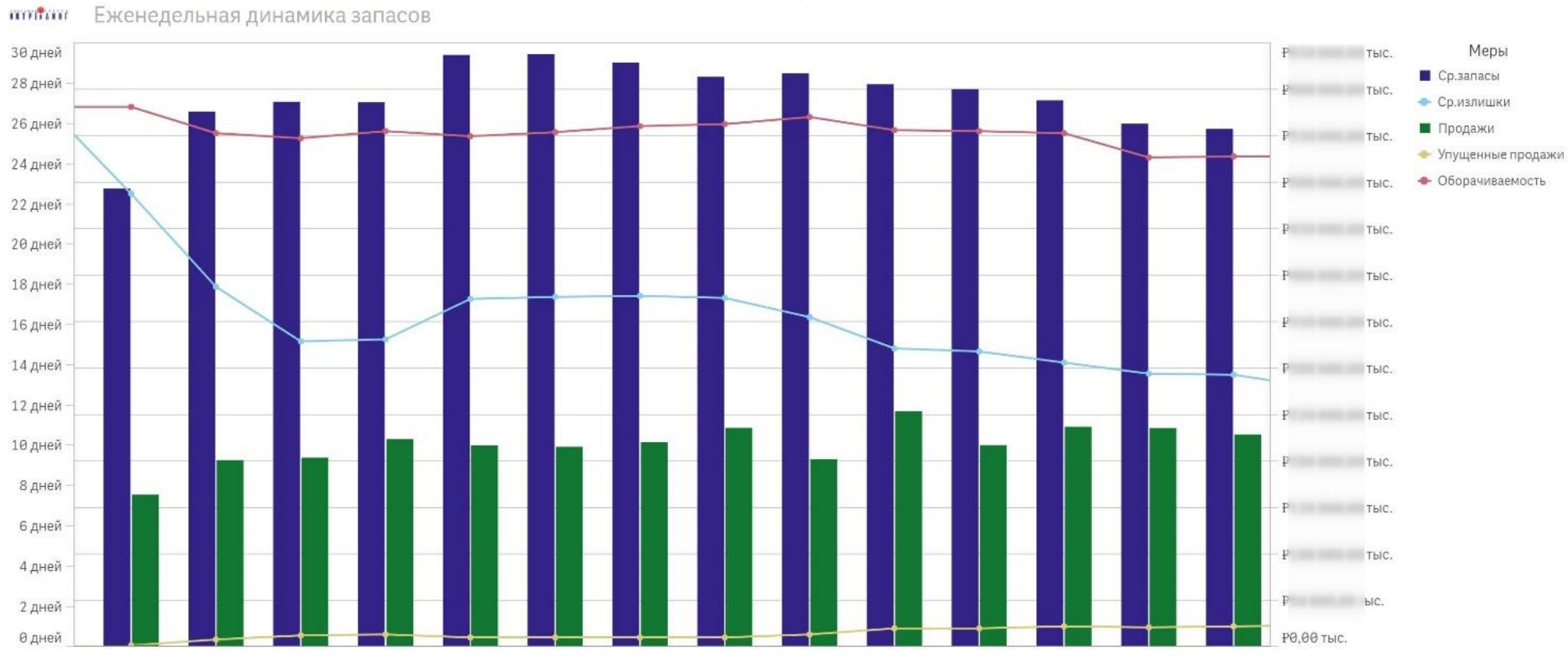
A dashboard layout is set for system's home screen, where daily tasks of a manager, key indicators for monitoring stocks and taking managerial decisions are being displayed. Data are being updated in a real-time mode.



# BI Analytics Module

## WEEKLY STOCKS DYNAMICS

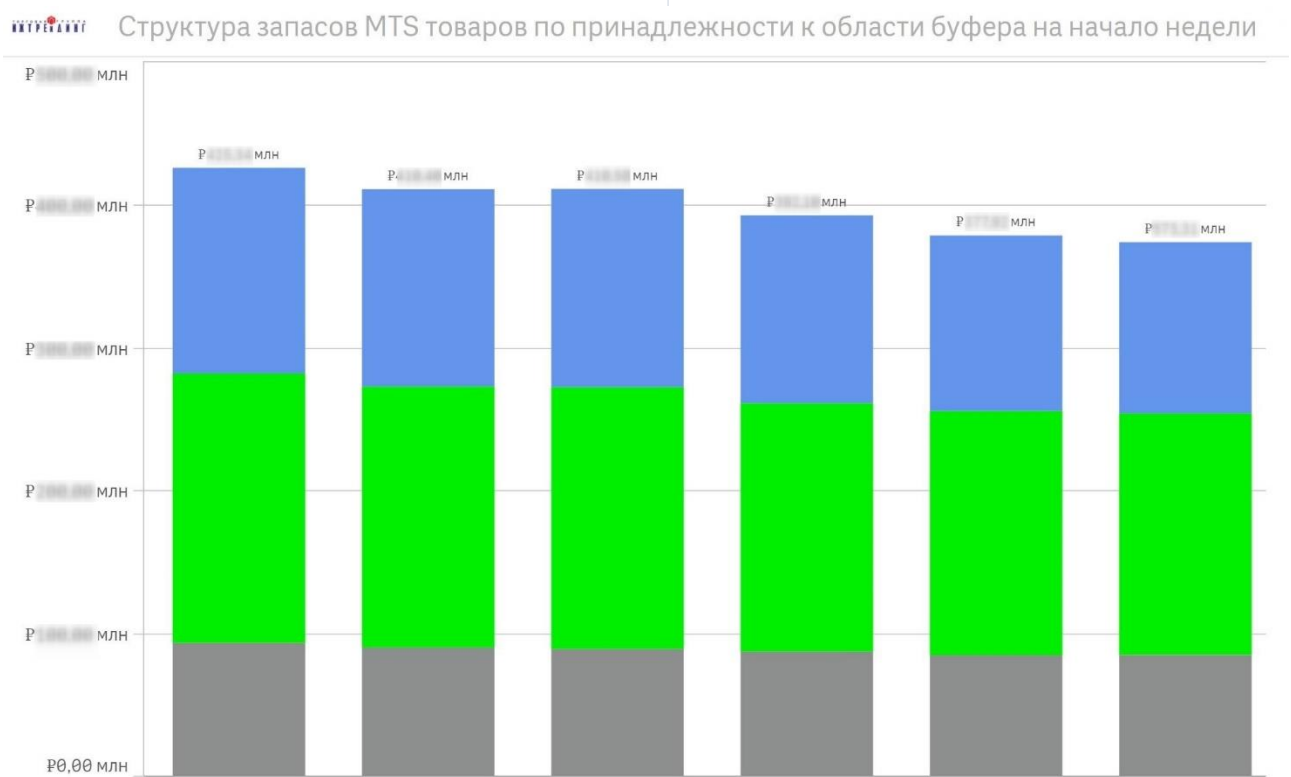
A diagram displays information on stock dynamics for 52 weeks (average stock levels, overstocks, sales, turnover). We can select specific period for further analysis of these major indicators across specific group of products, storage locations, managers, suppliers).



# BI Analytics Module

## MTS PRODUCTS STOCK STRUCTURE IN RELATION TO A SPECIFIC BUFFER ZONE

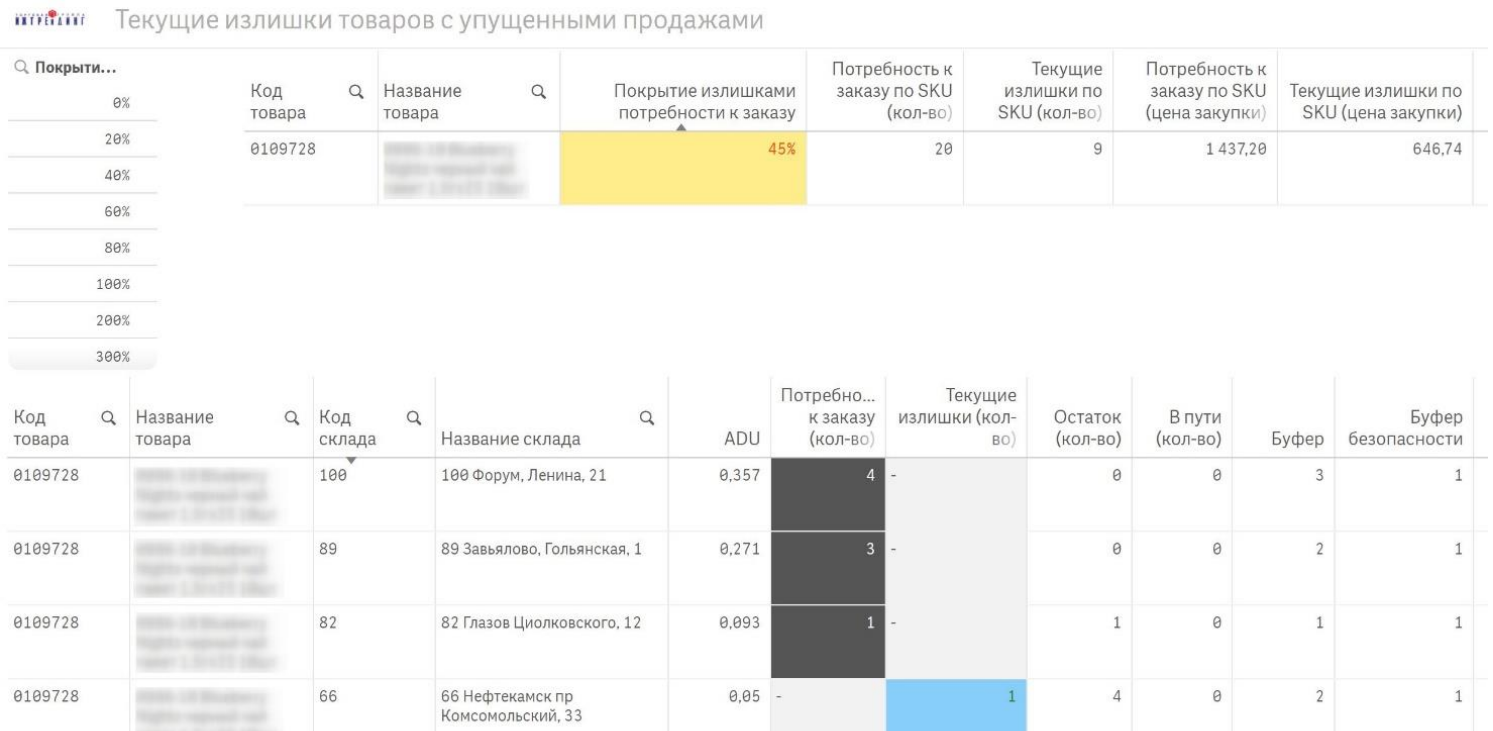
Visualization represents an amount of funds “frozen” in safety buffer zone, within buffer, in overstocks.



# BI Analytics Module

## CURRENT OVERSTOCKED SKUSs WITH EXISTING LOST SALES

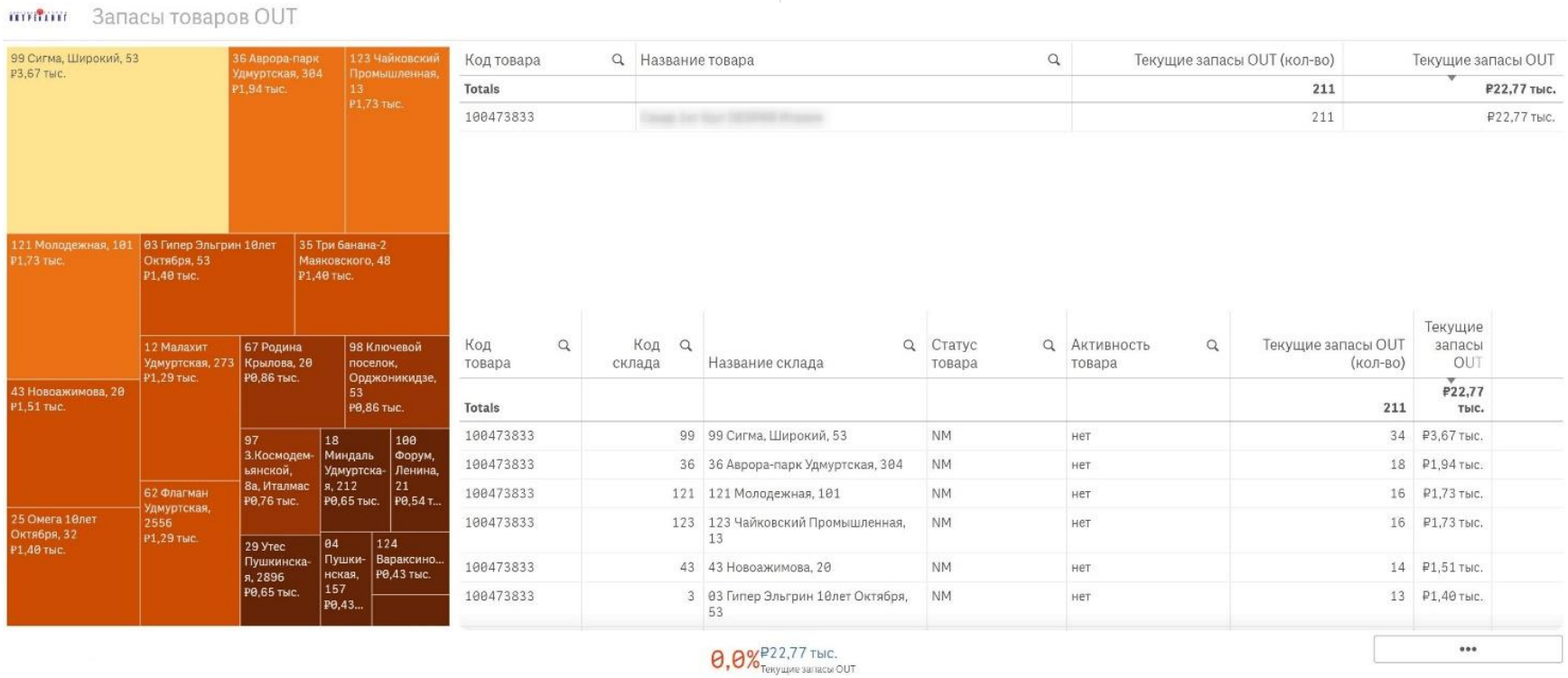
Visualization allows to identify SKUs for which lost sales in certain storage locations exist simultaneously with excess inventories in other locations. Based on this report a manager can make a decision to transfer such products from one location to another instead of ordering it from an external supplier.



# BI Analytics Module

## STOCK BALANCE OF OUT MOVER SKUs

A different report is used for SKU removal from a product mix It contains information about products marked as “OUT-movers” in the system (an OUT-mover mark signalizes, that an automatic removal procedure has been initiated for a specific SKU)



# RESULTS

Turnover improved

20%

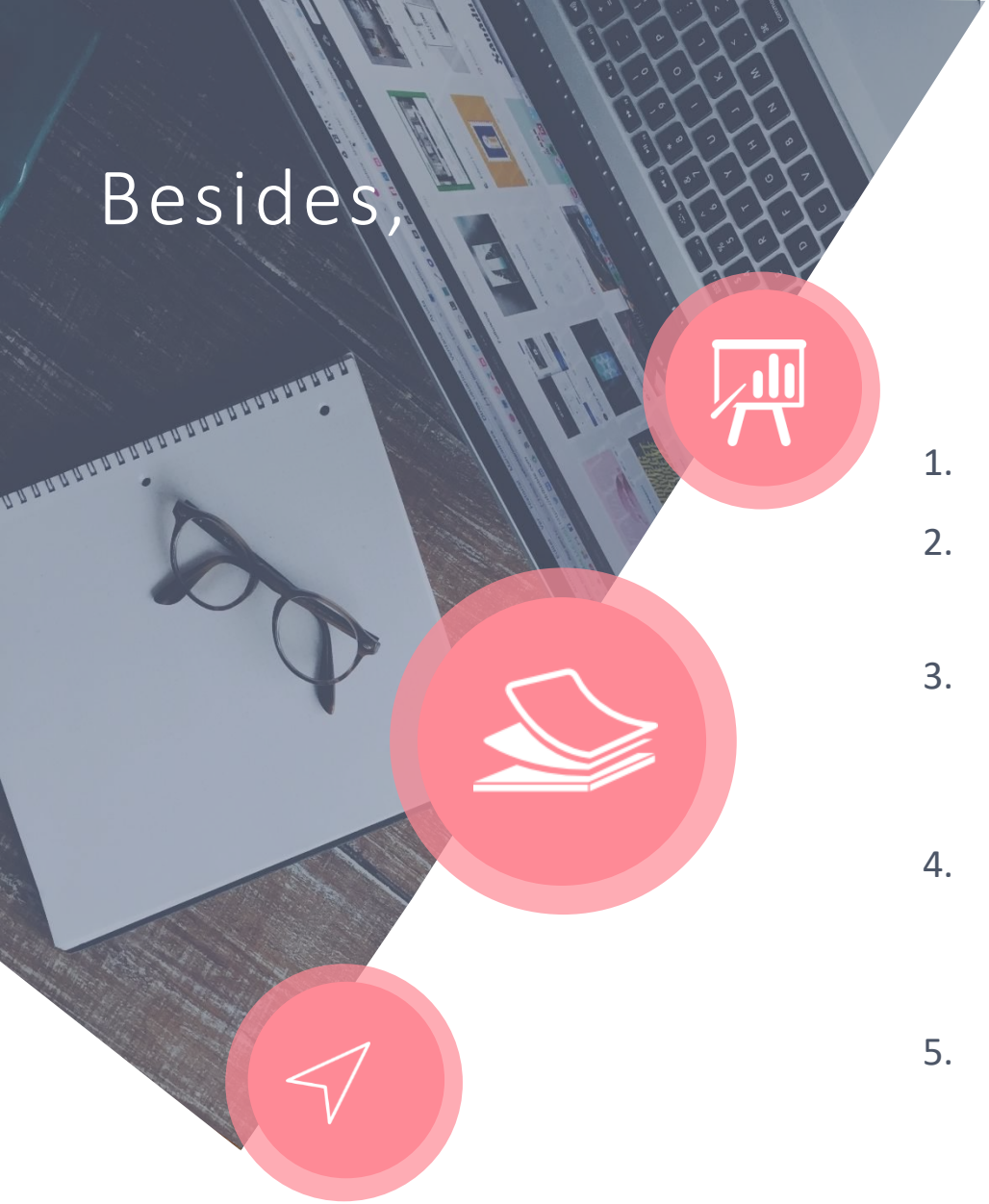
Excess inventories decreased

10%

7 people are responsible for order placement from Central Office (earlier—each store had a local manager placing orders)

Transparent ordering procedure including ordering of promotional items, identification of “problematic” SKUs

Minimization of typical order placement mistakes (out of schedule orders, missing/ lost orders, mistakes with order quantities, etc)



# Besides,

System provides the following advantages:

1. Centralized purchase management
2. Transparency: abuses in purchasing processes become impossible
3. 10 minutes per week are enough for evaluation of inventories (overstocks and out-of-stocks) across retail chain
4. Maximal automatization, minimal human resources are required for inventory management
5. Transparent procedures, interchangeability of staff, etc

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# КЕЙС ПРОЕКТА «ВНЕДРЕНИЕ СИСТЕМЫ АВТОМАТИЧЕСКОГО ЗАКАЗА И УПРАВЛЕНИЯ ЗАПАСАМИ В ТГ «ИЖТРЕЙДИНГ»»

| | |
|---|---|
| **Компания - клиент** | ТГ «Ижтрейдинг» |
| **Отрасль** | Сеть розничной торговли |
| **Менеджер проекта** | Бобрик Ирина |
| **Проектная команда** | Воронцова Ирина, Волкова Светлана, Бобрик Ирина |
| **Сроки проекта** | Сентябрь 2015 г. – Май 2016 г. |
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