

Strategic Inventory Analysis (SIA)

There could be huge opportunities hiding in your inventory...

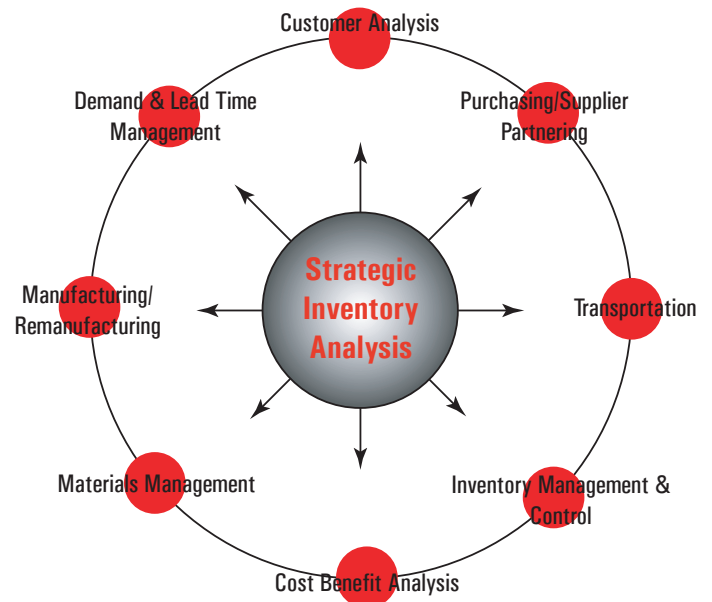
Do you know where they are?

The SIA is a proven, time-tested methodology for identifying cost minimisation and efficiency improvement opportunities in an inventory management environment.

After a thorough investigation of your demand, inventory and supply chain management environment, the SIA report will:

- present recommendations
- clearly explain their benefits
- itemise the costs associated with their implementation
- provide a practical management action plan outlining the way forward
- deliver actual results during the project

Blue Chip companies such as Super Cheap Auto, the Royal Australian Air Force (RAAF), Symbion Pharmacy Services, Nestle Australia, Carlton & United Breweries, Sara Lee and Cummins Engine have all commissioned SIA analysis to define and deliver a sustainable, 'best practice' inventory management infrastructure. Typically, potential inventory reductions of 20-40% are identified, coupled with service level improvements.



“By way of example, GRA identified a \$7M EBIT opportunity coupled with a service level increase for a major national beverage manufacturer and distributor...”

The Purpose

The primary objectives of the SIA are to:

- ✓ identify and quantify inventory, service level and cost improvement opportunities
- ✓ assess cultural issues and identify areas for improvement
- ✓ define strategies, tactics and approaches for sustainable opportunity realisation
- ✓ construct the optimal business process model, and
- ✓ measure the cost versus benefit of the recommended solution

SIA Deliverables

Deliverables include:

- ✓ cost/benefit analysis
- ✓ ROI
- ✓ management action plan (MAP)
- ✓ strategic assessment of inventory profile vs business model
- ✓ graphical performance management reports
- ✓ list of 'quick hits' working capital improvement opportunities
- ✓ current process map and enhanced process map
- ✓ KPI framework that is aligned with the new processes
- ✓ resources analysis and requirements
- ✓ planning system requirements

The Approach

The SIA methodology has seven unique steps:

1. Data Quality Analysis & IT Review

This step addresses the availability, quality, timeliness and accuracy of planning data and the capabilities of the business's planning systems in respect of requirements. Deficiencies are documented and a remedial plan is developed.

2. Inventory Performance Evaluation

Using a representative sample of your data, the SIA thoroughly evaluates every aspect of your inventory infrastructure to identify service level, cost and working capital improvement opportunities.

3. Current Process Map

The current inventory management environment is investigated and mapped. Processes assessed include: purchasing, demand planning and forecasting, budgeting, sales and operations planning, replenishment planning, cost optimisation, financial performance reporting and new item introductions.

4. Identification of Obstacles to Goal Fulfillment

Bottlenecks and obstacles currently preventing inventory goals from being fulfilled are identified and documented.

5. Opportunity Identification & Enhanced Business Process Design

Inventory optimisation opportunities are identified in both the current environment and the recommended environment. The findings of both the inventory performance analysis and the current process map are combined to identify and quantify realistic opportunities - and propose the strategy and tactics for their realisation.

6. Cost/Benefit Analysis

The benefits of implementing the SIA recommendations are identified. Specifically, this section identifies 'one-off' benefits, perpetual benefits, the projected timeframe for realising benefits and importantly, the return on investment (ROI).

7. Management Action Plan (MAP)

The MAP details the practical tasks that need to be completed in order to implement the recommendations and thus realise the benefits identified by the SIA.

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