

Service Snapshot: Inventory Optimisation Toolkit

"We know how much value is locked up in inventory. Everyone says we need to release cash. But we need to service our customers and stay agile."

Is this an impossible dream? No

Challenge

Customer focussed and agile inventory management is what organisations need to move toward.

Supply Chain risk needs to be managed and simple efficiency drives leave companies exposed.

What is needed is a simple planning and optimisation tool, that will

- look at the whole of your supply chain,
- monitor all your inventories,
- watch the sales orders,
- monitor warehouse capacity and stock volume and values,
- know your supplier lead times and
- take into account the product cycle

Then the system should recalculate on a daily basis from all the variables:

- Forecast demand
- Optimum inventory level
- Plan supply of materials
- Plan production

And it should be easy to implement with SAP and other ERP systems.

Solution

We use a specialised toolkit that has been used in a variety of industries and with some world-class global companies.

At Penumbra we say:

"Consider the customer, then optimise".

Our inventory toolkit allows you to do just that. Not the other way around.

The toolkit simultaneously considers all business processes, constraints, costs, and business objectives to determine the most profitable flow of materials, inventory levels, and utilisation of resources for any given planning horizon.

Through the use of patented models, advanced business processes, and consulting services, you can turn resources into a competitive advantage. By complementing existing ERP and APS systems and adding a profitability dimension to the sales and operations planning process, the solution exposes the cost-value tradeoffs at each point of the value chain.

It provides supply chain process control from dynamic daily forecasting, inventory levelling, production and distribution scheduling to procurement - including upstream to suppliers and downstream to customers.

With the inventory and lead-time toolset, organisations can push back intelligently on overzealous lean initiatives and inventory down-sizing.

It enables you to achieve the necessary balance: to have inventories optimised by volume and value and maintain service levels with clients that will keep you well ahead of the competition.

However, the best part is that it is relatively easy to implement compared to alternative systems.

Benefits

Using the toolkit organisations can:

- Put the customer first
- Prioritise customers by service levels
- Then learn from past sales patterns and forecast future demand
- Calculate the optimum inventory to hold for combinations of make to:
 - Order
 - Inventory
 - Customer

The results speak for themselves, 30-35 per cent reductions in inventory while maintaining 98 per cent service levels with rapid ROI recognition. We have seen \$3-100M in first year inventory and cost reductions with a particular focus on the process manufacturing and distribution industry.

strategy people performance

Penumbra is a strategic business consultancy. We bring clarity by using research to drive understanding and direction. We deliver success by balancing experience and innovative thinking.

Whatever your aspiration, we'll provide the tools, information and analysis to turn your strategy into operational reality, in a way that motivates your people to outperform the market.

Overview

Our expertise lies in helping our clients to execute robust strategies and deliver results.

We achieve this by combining a robust management planning system with a focus on people which drives alignment and commitment

We work in partnership with talented and committed leadership teams to help organisations build corporate value with a wide range of customised, cross-functional advisory programmes and services delivered from four complementary service groups:

Strategy

(Development, formulation, implementation and alignment)

Our innovative **Penumbra Balance** approach creates dynamism, drives and sustains momentum and makes strategy real for stakeholders

Organisational Development

(Behavioural issues)

We call our holistic approach **Balanced Motivation** which encompasses activities that improve performance both for the organisation and the individual

Research and Insight

Our stimulating **Clarity** approach draws on our business consulting skills to deliver a mix of business analysis and market research which provides compelling insights for winning decisions.

Operations

The Operations group brings all of our hands-on practical experience to bear on execution and delivery of results.

Our technology enabling approach called **Totality** facilitates business focussed services and solutions, aligned to business needs, for people, processes and tools.

Why Us?

Organisations turn to us when they:

- Want to find a new strategic direction
- Have created a strategy and now need to execute it
- Need to drive more value from existing initiatives
- Have a big issue to resolve, usually dependent on lasting employee buy-in
- Need to explore new ways to drive value
- Need a breakthrough result
- Are seeking measurable results

Our Experience

We have real world experience spanning 20 years with our clients. This includes working with:

BP, Citibank, Morgan Chase, WestLB, RBS, UBS, Bankers Trust, Kleinwort Benson, Coutts, Natwest, Intel, Nokia, Adobe, Kall-Kwik, Glaxo Smith Kline, Dupont, Pfizer, Savills, British Council, Clifford Chance, British Airways, Gillette, Unilever, Shell, Volvo,

Vauxhall, British Gas, TradeStation, MWB Business Exchange, Investors in People, University of Cambridge

On projects such as:

Strategic Planning, Strategy development and implementation, Culture change, Post-Merger Integration, Vision, Purpose and Values, Current State Analysis, Organisation Re-design, Transformational Change, Client Focus Strategies, Perception Studies, Client and Staff Engagement surveys, Global Rebranding, Know your Customer, Market Forecasting, Consumer Insight, Market Segmentation, Process optimisation, Lean/Six Sigma, Project Management, ERP Systems Roll-out, Market Research, Financial Modelling, Franchise Start-up Evaluation models, Cost Benefit Analysis, Implementation Alignment, Strategic Alignment, Complex Database development, Custom Application development, Supply Chain Optimisation

Covering diverse sectors such as:

Financial Services, Pharmaceuticals, Manufacturing, Energy, Mobile Telecoms, Travel and Tourism, Aviation, Property, Hi-tech and Business Services