

CASE STUDY

INVENTORY OPTIMIZATION POWERED BY KNOWLEDGE



CLIENT PROFILE

A leading automotive parts supplier, with extensive aftermarket operations in both the commercial and industrial sectors, seeking to drive improvements in its service supply chain's inventory management as inventory levels soared.

DESIRED OUTCOMES

- Reduce inventory levels without affecting service levels.
- Improve forecasting accuracy.
- Enhance ability to hit Economic Order Quantities (EOQ).
- Establish better process to handle backlogs.
- Maximize the revenue potential of excess inventory.



KEY ACTIONS TAKEN

- Consolidated information from disparate systems to centralize all key data elements.
- Mapped demand trends and customer profiles.
- Redesigned the forecasting process and implemented forecasting correction mechanisms.
- Revised safety stock calculations and implemented a lean stocking strategy.
- Modified order fulfillment procedures to support the lean stocking strategy.



KEY RESULTS



Over \$3.6M in annual savings achieved from safety stock reductions.



\$1.2M in savings from purchase order cancellation and minimum order quantity reduction.



Maintained service levels at the desired 93-95% range.



Recovered nearly \$500K lost to over-forecasting.