

Case Study



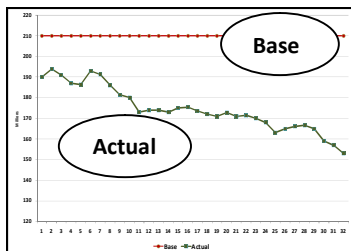
Inventory Management Consumer Goods

Industry: Pharmaceuticals
Sector: Retail

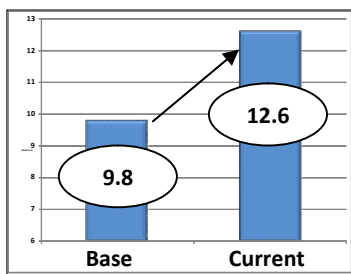
Situation

- Significant investment had been made in a highly sophisticated inventory management program and related training
- In spite of the investment in inventory management program, excess inventory levels were chronic
- Entrenched beliefs among long time managers and buyers perpetuated a high level of non-compliance

Daily Actual Inventory Compared to Base Inventory over Two Month Period



Increase in Stockturns



Sydney Consulting Approach

The necessary approach was three-fold. Deeply entrenched beliefs regarding management of cost v management of service required extensive individual coaching. Cleaning up and updating the inventory management program required extensive work. Thirdly, ensuring full compliance with replenishment protocol was essential.

- Detailed analysis by SKU of historical inventory fluctuations;
- Facilitated rigorous database clean up and up date;
- Developed detailed role and tasks definitions;
- Implemented a comprehensive and structured demand patterns analysis; and
- Implemented strategies to achieve and maintain full inventory management program compliance.

Client Outcomes

- Returned more than \$45M to cash by reducing chronic excess inventory
- Restructured replenishment patterns to increase efficiency
- Maintained service levels at greater than 94%
- Increased stockturns from 9.8 to 12.6