

Custom Solution Client Success Story:

Inventory Optimization Tool

Inventory Optimization Tool (1 of 2)

Problem

In-store availability of machine replacement parts greatly determines customer satisfaction and hence sales. To increase sales and profits, a very large agricultural machine manufacturer wanted to increase the probability of parts being available at each of their >300 dealer-sites. However, increasing the number of parts available at their dealers had to be balanced against the financial burden of holding stock and their dealers' inventory turn-over.

Solution

Vose Consulting performed a complex statistical analysis of the large dataset of their historic sales and inventory. Those results were used to build a model that optimizes the in-store part-availability and the dealer inventory turns ratios.

Inventory Optimization Tool (2 of 2)

Result

The model was delivered to the client along with documentation and training on use of the tool. Initial field data suggest an increase in parts availability with essentially the same inventory levels as before. After full deployment of the inventory optimization system, the manufacturer therefore expects to considerably increase customer satisfaction and sales, while maintaining an acceptable inventory turn-over ratio.

Types of organizations that can use the same expertise

- Firms that have to decide how much inventory to keep
- Firms with dealer-networks that like to increase customer satisfaction by improving availability of parts