

LEXIAN INVENTORY OPTIMIZA



Lexian Inventory Optimiza (LIO) is a leading edge strategic inventory optimization modeling tool developed by Barloworld Optimus that allows companies of all sizes to significantly reduce their investment in inventory while simultaneously improving inventory availability/service levels. Inventory Optimiza is part of a suite of Lexian supply chain tools including Procurement Manager, Warehouse Manager, Dispatch Manager and Asset Manager.

Key benefits of the system are:

- ◆ The establishment of realistic investment and availability objectives
- ◆ Improved forecasting accuracy
- ◆ Improved stock availability (typically between 5% and 15%)
- ◆ Reduced stock holding (typically between 15% and 40%)
- ◆ Reduced lost sales and improved customer satisfaction
- ◆ Reduced obsolescence and stock write-offs
- ◆ Rationalised product range
- ◆ Improved staff motivation, productivity and job motivation
- ◆ Improved visibility of inventories
- ◆ Uniform inventory management processes throughout the organisation

System Features and Processes include:

Supplier and Lead Time Management

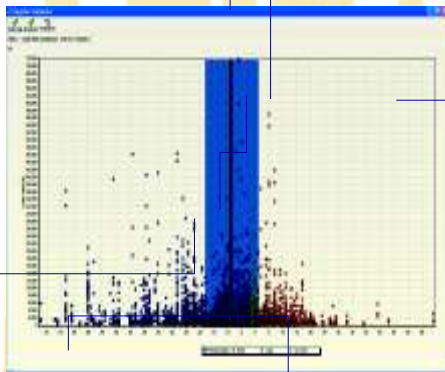
- ◆ Set up the routes of supply
- ◆ Establish and forecast lead times
- ◆ Monitoring delivery performance
- ◆ Develop supplier collaboration
- ◆ Set up vendor-managed inventory
- ◆ Drive procurement inventory
- ◆ Facilitate proactive procurement

Stock Profiling

- ◆ Define what stock should be held at which locations
- ◆ Profile product ranges, including slow movers and critical items
- ◆ Slice-and-Dice data into more meaningful groups
- ◆ Facilitate new product introductions
- ◆ Manage all time-buys and supercessions
- ◆ Process bill of material and generic items
- ◆ Manage strategic and insurance stock

Forecasting and Demand Planning

- ◆ "Best fit" forecast using historical data
- ◆ Manage future events (e.g. promotions, public holidays, weather pattern changes)



- ◆ Forecast slow-moving items
- ◆ Collaborate with customers
- ◆ Manage forecast errors by exception
- ◆ Implement a formal performance-measurement framework and closed-loop process

Inventory Modelling and Strategic Planning

- ◆ Establish realistic inventory objectives
- ◆ Link these objectives to the replenishment of individual line items
- ◆ Set safety stock using line item risk-profiles
- ◆ Develop inventory models driven by service levels
- ◆ Identify and quantify "cause of inventory"
- ◆ Project inventory budgets
- ◆ Facilitate "what if" scenarios modelling

Excess Stock Management

- ◆ Minimise the risk of ordering excess stock
- ◆ Redistribute existing excess
- ◆ Flag surplus-ordered items
- ◆ Implement value-focused cataloguing
- ◆ Manage all time-buys and supercessions
- ◆ Implement internal and external virtual warehousing
- ◆ Manage consignment stock
- ◆ Implement vendor-managed contracts

Replenishment and Distribution

- ◆ Generate and manage new orders
- ◆ Review daily order pipelines using Cockpit technology
- ◆ Set up distribution requirements using fair share algorithm
- ◆ Plan and implement family group-ordering
- ◆ Manage stock builds and produce rough-cut capacity plans
- ◆ Collaborate with suppliers using future-order projections

Key Performance and Process Monitoring

- ◆ Measure inventory performance against predetermined targets
- ◆ Measure process improvements
- ◆ Provide daily/weekly/monthly Key Performance Indicators
- ◆ Plan and implement family group-ordering
- ◆ Monitor the health of inventory
- ◆ Evaluate performance by user-defined groupings

The Inventory Optimiza process

