



FIDELITONE™

SUPPLY CHAIN SUCCESS STORY

INVENTORY FORECASTING - WORTH ITS WEIGHT IN GOLD

in-house service organization for national home improvement retailer improves first-time repair rate to over 90% and reduces inventory by 37%

AT A GLANCE

Company: National Home Improvement Retailer

Industry: Home Improvement

Key Challenge: Improve service levels and right size inventory

Solution: Inventory forecasting solution

Outcomes:

- First time repair rate **over 90%**
- Inventory levels reduced **by 37%**
- Staffing efficiencies

"The integration of FIDELITONE's forecasting solution has been worth its weight in gold!"

Director of Store Operations,
National Home Improvement Retailer

Background

When a professional contractor is without their tools, work grinds to a halt and money is lost. When a homeowner's lawn and garden equipment fails, it may not have the same economic impact to them, but the frustration can be every bit as strong and impact their brand loyalty. No piece of equipment lasts forever, but when it needs to be repaired, this leading national home improvement retailer wants its customers back to work quickly.

KEY CHALLENGE

A first-time repair rate of around 50% wasn't cutting it. The retailer knew its current solution wasn't meeting customer expectations. Nothing short of 90% first-time repair rate would be acceptable.

The retailer was using a min/max approach to forecast inventory requirements and was managing the process with internal resources. With over 200 suppliers and more than 500,000 repairs annually, a more sophisticated solution was needed.

SOLUTION

The Director of Store Operations on the client side and the FIDELITONE team collaborated to design a two-phase inventory forecasting response. Phase One was a series of simulations using different stocking criteria and service levels reflecting the number of SKUs, stock quantities, and inventory investment the business might support. The simulations were robust and even factored in things like the possible need for additional warehouse space for parts storage.

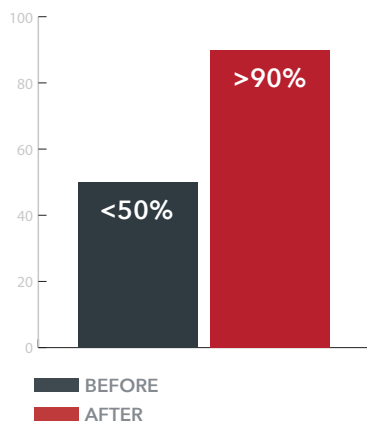
Inventory Forecasting

The FIDELITONE team used 24 months of historical SKU data to predict future demand. To craft a winning solution, three data files were required:

- Inventory files showed full balances on hand
- Purchase order history files showed all open and received purchases
- Needs/demand files showed all open and completed orders.

Following the solution design came the successful implementation of the business rules. In Phase Two, the inventory stocking levels were optimized to meet the required service levels established by the client. An integral part of this solution's execution is the ongoing rigor and technology needed to make sure the data is accurate and up-to-date.

FIRST TIME REPAIR RATE



OUTCOMES

In supply chain management, what you can't measure and you can't do consistently serves no purpose. From the get-go the FIDELITONE team tracked repair completion rates and saw a six-month improvement that skyrocketed from below 50% to consistently in excess of 90%. The forecasting tool also contributed to "right sized" inventory on hand and the introduction of new SKUs that bumped up service levels. To round out the improved service loop, the client was able to minimize the threat of obsolescence because improved forecasting accuracy resulted in ordering correct quantities.

In addition to improved performance factors such as response time and customer satisfaction, the impact of any new inventory process is measured by dollars saved. A 37% reduction in inventory on hand resulted in nearly \$800,000 in annualized savings. Having what you need and only what you need, when you need it, is supply chain management at its finest.

Inventory forecasting is one of many services that FIDELITONE offers this client to ensure that contractors and home improvement enthusiasts are enjoying the advantages of far less downtime and are reunited with their tools and equipment sooner.

How can we help you meet your service and performance objectives? **Call 800.475.0917**



EARNING CUSTOMER LOYALTY

FIDELITONE, a supply chain management firm, helps you earn your customers' loyalty through specialized services in inbound logistics, order fulfillment, last mile delivery, and service parts management.

We manage resources, create right-fit solutions, and optimize supply chain processes to advance your business performance and profitability. At every step and in every service, FIDELITONE employees focus on the touchpoints that safeguard your brand and keep your customers coming back.

We're paying attention to what matters to you in your business. We're paying attention to what matters to your customers when you entrust your brand promise to us. We're building high-performing answers to your toughest supply chain challenges.

Call 800.475.0917 or visit fidelitone.com