

CASE STUDY

# INVENTORY PLANNING For Manufacturing Company



## ABOUT THE CLIENT

Our client is a manufacturing facility, spread in southern states of India .It is a global MedTech company focused on products used in surgical, post-surgical and chronic care including advanced surgery, and wound care range. The client has different machine lines basis the nature of the product and stage of production like Bath wipes line, Filling Line , Flat wipes Line.



## BUSINESS CHALLENGE

Our client has multiple SKUs and various line of productions. The client required assistance in designing an inventory tool integrated with production plan and thereby aligned with the demand forecasting tool to precisely forecast the material requirement .

The client also insisted on development and implementation of tracking and monitoring mechanism to prevent loss due to stock outs, extra cost due to overstocking etc.

01

Align production quantity with the Finished goods requirement.

02

Identify and Implement Safety stocks/Re-order levels

03

Inventory Tracker for Stockouts, overstocks, SLOB, Non-moving

04

Implement Shelf-life management



## Our Approach

### AS-IS Mapping



- Development of an 'AS-IS' questionnaire & data templates
- Retrieve historical data on
  - Raw Material/Packing Material
  - Inventory Levels maintained and method used.
  - Production – SKUs, Lines, Labour ,Average time required
- Data check in terms of consistency, completeness and quality
- Align with process owner on the understanding and data completeness

### Design and Testing



- Chart out the comparison between Actuals and Estimates for:
  - Finished Goods
  - Raw Material/Packing Material
- Mapping of input quantity , Leadtime , Safety stock ,Minimum Order Quantity.
- BOM vs Actual Variance analysis.
- Design the TOOL with current footprint/ volumes and setting up parameters (Demand forecast, Made to Order, Made to stock, Manpower, Time ,Machine Lines) to test scenarios
- Evaluate the tool in terms of footprint, and operational accuracy

### Robustness of the distribution tool



- Re-run the scenarios in the TOOL along with process owner's requirements
- Assess the impact of changing the business parameters on the inventory level and requirement.
- Calibration of simulation model with real-life figures
- Develop step by step process on "HOW TO USE" the tool including assumptions, input parameters etc.,
- Sign off from the process owner on the robustness and agility of the TOOL



## BUSINESS IMPACT & VALUE CREATION

### Inventory Planning



- 1 Integrated Inventory Planning Tool - Integration of Demand Forecasting, Inventory Planning, Replenishment Optimization.
- 2 Data flow description and Stepwise Detailed Action plan for Production and Inventory planning.
- 3 Statistical tool to monitor the material consumption.
- 4 Automated tool for Bill of Material (BoM) and actual consumption variance analysis.
- 5 Framework for appropriate method for Safety Stock, Reorder levels, and key Inputs robustness.

### ABOUT US

Headquartered in Gurgaon, Valueonshore Advisors is a specialized professional service firm managed by the Big 4 alumni and industry executives. Our portfolio includes multi-billion-dollar companies, mid-cap public, and pre-IPO companies that range from late stage to early stage. We are a trusted, preferred partner for various multinational and Indian clients who engage us for our functional expertise, industry knowledge, and for our objective solutions for complex problems.

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