KEY TAKEAWAYS

- Reduce obsolescence and right-size inventory investments
- Maximize your ROI on inventory while balancing customer service
- Measure forecast accuracy through focused forecasting
- Optimize safety stock investment
- Minimize total relevant cost
- Manage item-level profitability
- Effective use of IT & human resources

WHO SHOULD ATTEND?

- Inventory Planners / Coordinators
- Inventory Managers
- Purchasing Professionals
- Anybody who manages inventory in your firm

PROGRAM OUTLINE

- Inventory Stratification
  - Methods
  - Policies
- Forecasting
  - Demand pattern analysis
  - Methods
- Replenishment
  - EOQ
  - Reorder point
  - Policies
  - Service Vs Cost Matrix
- Performance Assessment & Benchmarks
  - Process Assessment Framework
  - Process Assessment Workbook
  - Financial Benchmarking
  - Asset Efficiency, Cash Flow, Growth, Profitability
- Stock Analyzer
  - Spreadsheet-based analyzer
  - Financial Statements
  - Critical Variables Input
  - Financial Metrics Output
- Inventory Best Practices
  - Process Description
  - Common, Good and Best Practices
  - Methodology Description
  - Key Performance Indicators
- Conclusion

"We collaborated with Texas A&M on an inventory stratification project which has resulted in a successful classification of our inventory based on item level profitability. We have already seen a significant reduction in capital employed and expect to benefit from further decreases."

Kevin C. Reid,
Vice President - Procurement
ThyssenKrupp Materials, N. A.

"I was impressed with the overall program at TAMU. When I look back to the program, I was impressed with the item Stratification segmentation of Critical (A&B) items and (C) items."

Randy Thomas, Regional Manager
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### PROGRAM OVERVIEW

Intensive Inventory Management Program deals with the STOCK processes such as inventory stratification, forecasting and replenishment. Inventory stratification is the process of classifying items into a certain number of categories so that managing them day-to-day does not become unwieldy. The inventory stratification process is usually not well defined or given due importance, and it often gets over-simplified. When appropriately used, it can play a pivotal role in defining policies and procedures for other inventory management processes such as forecasting and replenishment. Inventory stratification must be done prior to addressing other inventory/purchasing related processes because it acts as a sledgehammer and thereby, places the company in a powerful position with a relatively quick return-on-investment. Therefore in this program you will be exposed to various inventory stratification methods and taught how to leverage these results for forecasting.

The program will demonstrate various forecasting methods, helping you understand the best method to use for your business setting. You will get hands on experience analyzing demand patterns, applying various forecasting methods and evaluating forecast error to choose the best method. The program will also help you understand the concept of “What to order?” and “How to order?” for making replenishment decisions. Hands on sessions to decide the reorder point and reorder quantities will enhance your decision making process in your business.

You will also hear success stories and steps to implement inventory management best practices from industry experts from both business and IT perspectives. The STOCK exercise will walk you through the process of connecting inventory decisions to shareholder value through your financial statements. At the end of the program you will be able to assess the stock processes in your company and develop a plan of action to implement best practices at your company right away.

### AGENDA

**DAY 1**
- **WORKING SESSION:** Inventory Management Overview
- **EXERCISE:** Key Performance Indicators and Inventory Stratification
- **EXERCISE:** Forecasting

**DAY 2**
- **WORKING SESSION:** Inventory Stratification
- **EXERCISE:** Inventory Stratification - Rounds 1 & 2
- **EXERCISE:** Replenishment Policies - Continued

**DAY 3**
- **WORKING SESSION:** Inventory Stratification - Concluding Remarks
- **EXERCISE:** Inventory Stock Out Cost
- **EXERCISE:** ROP

**DAY 4**
- **WORKING SESSION:** Replenishment Service vs. Cost Matrix
- **EXERCISE:** Inventory Management Business Perspective

**DAY 5**
- **WORKING SESSION:** Process Assessment Stock Group
- **GUEST LECTURE:** Inventory Management to Shareholder Value

### DELIVERABLES

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"Through knowledge learned from the inventory management program, attended by all our management and key salespersons, we have reduced our total inventory levels by over 20%.”

Brent A. Burns, Vice President, ISC Building Materials, LP

"Texas A&M’s research has allowed our company to continue to stay ahead of our competition and excel in customer service."

Tim Miller, Vice President – Operations, Security Contractor Services, Inc.
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Intensive Inventory Management Program

Creating Competitive Advantage Through Education

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