

TENNIS LESSONS

Tennis is a gladiatorial sport. There are no ties or draws. Only winners or losers

Over five sets it can be brutal, and if you get deep into the fifth set after four or more hours a loss can be particularly cruel. Why do the champions continue to play and often fail, falling just short of the ultimate prize? Every point is a contest. In the recent Australian Open Men's Singles final played by Roger Federer and Rafa Nadal they played 289 points and Roger won just 52 percent of them. Not a big margin, but enough to carry the day.

What can we learn?

Now, you may be wondering why this article is serving up tennis as this month's topic? As it happens, there are many lessons we can learn from tennis and apply to our advantage when aiming to be the best at inventory management.

A game of percentages

In any sport you will not win all of the time. In fact if someone did no one would watch and you would not participate. It would just be no fun.

Rising to the challenge, stretching for the wide backhand, running for the drop shot, finally winning after running all over the court in a 20 shot rally - that is what makes it memorable.

In their final, Roger hit 73 winners to Rafa's 35 and thrashed him with more than twice the number of winners. That must be why he won, right?

Well no, because in going for that number of winners, Roger hit almost exactly twice as many unforced errors too - 57 to 28. In the end Roger's winners exceeded his unforced errors by 26. For Rafa the difference was just seven.

If Roger had played safe, hit the ball with bigger safety margins, aimed well inside the lines and hit slower balls which he controlled better, then he would have allowed Rafa to hit more balls back into play, the game would have been potentially very different and it might have had a very different result. If you aim for the lines then you may win more, but you will also miss more.

Inventory management is very similar. If you aim for a service level that is higher, then you may well satisfy more clients, but because of the uncertainty of demand you will almost certainly carry more stock and will create more excess and write offs. If you have 650,000 SKUs as one of our clients does, then you have to accept that you will win some and lose some.

Of course you want to perform as well as you can. In fact there will be a high percentage where you play almost the perfect point, particularly if you are

armed with the knowledge and skills to do so. There will also be some, perhaps five to 20 percent, where you will recognise later that you did not do as well as perhaps you could.

You do want to win more than you lose - you must however start by understanding that you will fail, perhaps many times. If you cannot accept that, try a different profession. You should learn from your failures, but even then you will still fail.

You need a good game plan

If you want to win you need to also know what you are trying to do, why and how. You need a game plan or strategy.

For Roger it was a matter of setting up opportunities and then going for them, rather than playing safe and risk being run around. Roger's plan built on his strengths and aimed to blunt the strengths of Rafa.

Similarly, with inventory management, it is important you start by understanding what your customers want, how your competitors might approach the market, and what balance you should strike between service level and risk.

Are you going to put stock in every branch or rather rely on a rapid emergency stock transfer capability? In tennis parlance, are you going to attack or defend? What is your best game? What gives you the best chance of winning?

At the same time, you need to match your plan with your ability to execute it. If it takes you two weeks to get a container between warehouses because of transport economics or a week to unpack the stock and put it away because of inefficient processes, poor warehouse design or insufficient resources, then there is little point in pretending to pick, ship and receipt stock in just a day or two. You are only fooling yourself. The plan needs to match your ability to perform.

The good thing with Horizon Inventory software is that you can also model these various scenarios via tuners. For example, you can easily test the level of inventory and order flows that result from having fortnightly or monthly shipments versus daily or several times a week. You can assess what happens to inventory turnover and return on assets, when you push the envelope on service levels and increase your risks. By testing your strategy you can evaluate where you most need to improve and which improvements offer the best returns.

Once you have a good game plan, you then need to stick to it and give it a chance to play out. If your strategy is to hit big and aim for the lines (read high service levels and greater acceptance of inventory risk) then you cannot abandon your plan the first time it does not work out.

How often do you hear the adage in sport "to play the current point and forget the last one" that you



lost (or even won)? Too often we see people obsessing about how occasionally the forecast was not quite right or the incoming PO came in much later than expected. They fret over the exceptions and fail to see that on the score board they are winning much more often than they are losing.

It is also important that your organisation follows the plan. Again, several years ago there was a warehouse manager who chose to ship less often than was being assumed in the plan. Naturally service levels fell, but then people, wrongly, blamed the plan. It is important therefore that you are brutally honest if you have problems.

The scoreboard does not lie, and if it is telling a story that is different to your objectives or expectations, understand why, and realign the plan with your objectives and your ability to execute. In doubles your objective is often to set your partner up to hit the winning volley with a three quarter pace serve into the receiver's body and a well timed cross at the net. So too with your inventory plan. Does everyone know what the plan is and how they contribute to its execution? Do you support your playing partners or is every missed shot an opportunity to score points off your own team?

The game changes



When I was a kid, we played with wooden racquets. The very top players had a coach but probably not an entourage of a main coach, a fitness coach, a hitting partner and a physio. Nothing ever stays the same, and the best do try to adopt the best technology and support environment. Now tennis players have access to video analyses looking at the patterns as to where their opponents serve on first, second serves, on break points ... every little edge is exploited.

So too with inventory management. At Horizon Inventory, we are now working on using external data to help improve demand signals and further reduce the risk of obsolescence. You can be at the top of the game, but no one should ever be complacent - what are you doing to push yourself to the next level?

**For further information consult
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