

NEED MORE HANDS?

There are times when it all seems too much. Oh, for another set of hands

Just think for a moment about the idioms we often cite: I have worked my fingers to the bone; I am hanging on by my fingernails; my hands are full; I would give my right arm...well, what would you give your right arm for, and more importantly, why?

Why is it that we so wistfully think of seeing more people as the easy solution to our problems?

With inventory management unfortunately it is all too easy to have our hands full. There is the backlog of orders that we have to place each day. The excess report needs to be done, and all the actions agreed at the management meeting need to be implemented. Maybe it is time to step back and understand what is driving all the workload. Let's think about some examples.

Excess management needn't be so hard

Many organisations handle excess by producing a report of what is in excess and then try to figure out what to do with it. Unfortunately that is often after the stock has sat for some time and has become even harder to address. The longer it sits means the more times you have to count it and move it too. Excess management like this is really only good for writing stock off.

A far smarter approach is to recognise it and handle it as quickly as possible - don't let it build into a big problem. Instead, try to fix it when it is a far smaller problem.

You could do this by moving it to the warehouse that has a higher chance of selling it early. Postpone that decision, and you may well lose opportunities and be forced to carry more inventory while stock is already available elsewhere in your network.

This can be done. Every pocket of excess (and there will always be some) can be looked at every night and business cases constructed for all the excess and all the purchase orders and stock movements that might use that excess.

Rather than struggling to do this all manually, you can describe your thinking process and have the inventory management system do what you want for thousands of SKUs across your entire network ... automatically, while you sleep.

There are some things you simply cannot and should not try to do yourself. You don't need to add more hands – simply multiply yourself!

Now of course, people can frustrate such an automated approach. Everyone knows the saying "many hands make light work." That is however only if people work together.

As soon as a branch manager insists on keeping



excess because they just might need it, it is too easy for that sort of culture to become all too pervasive. As an inventory management leader, it is important that everyone is aware of the benefits and the important part everyone plays in achieving them.

Even better, why have any excess at all? As described in the June article last year, "KNOW WHEN TO HOLD 'EM AND WHEN TO FOLD 'EM" ultimately it is far better to have never ordered the excess in the first place. It is far better that you never spend all that time in handling it, stocking it and writing it off - just do not order it in the first place.

Emergencies needn't consume you

Another thing that kills productivity and time is the management of emergency transfers and orders.

As a rule of thumb, emergencies typically take three times the effort and cost to process compared with managing replenishments on a more normal basis.

Picking and shipping in bulk is much better than a single item in an air bag. You can manage with less people in the warehouse and all in all it can be a lot easier to manage.

Of course you cannot get it perfect and there will always be the order that was just way bigger than ever expected; and no matter how well you manage your supplier relationships, sometimes the weather and other natural events will delay stock receipts and you simply cannot do anything about that either, or at least not in any financially viable way.

The trick however is to get the balance right. Fortunately you can model the different choices you can make and see how to create a supply chain that not only does not consume you but can also deliver what you want in terms of customer service and inventory turnover.

Again however, everyone needs to play their part.

If a branch only sells a part two to three times a year and only carries one in stock, does it make sense to emergency stock transfer a replacement just to cover for the seven days that you might have to wait for a normal replenishment?

After all, what is the probability of someone wanting to order in the next seven days? It will be a very low probability if on average you might only sell one piece of stock every 100-150 days? Given this, it is far better for everyone to emergency transfer the stock only if a real customer wants it - if they are desperate for it, they will pay more for it anyway.

Time to ratchet up your performance

So is it time for more hands?

Well, if you approach things differently then maybe not. Consider the value of a ratchet spanner compared to a normal spanner when trying to tighten a nut in a difficult place – you could use a normal spanner and put it on, turn, take it off, put it back on, turn again and again, knocking your knuckles each time. It is better to put it on once, and use the ratchet to quickly tighten the nut.

With better tools and better approaches using these tools, you can achieve significant leaps in productivity. You can stay on top of excess, and even help avoid it all together while getting the balance right to manage normal replenishments versus the necessary emergency stock transfers.

Model the results that good behaviours can achieve and see what can easily cause everything to come undone and if a tool is much better, make sure that everyone understands how to use it.

Is it time to tighten up your procedures? Time to make sure they are followed? Who should drive all this? Well you of course – if the right tools can free up your time.

So is it time to invite some safe hands on board? It does not have to be All Hands on Deck – maybe someone can pass you a better tool or way of doing things; maybe you can then turn your hand to what you really could be doing?

For further information consult
www.horizoninventory.com.au or
 email info@horizoninventory.com.au