

MANAGING RUN RATES

Two overs to go. Just twelve to get. It ought to be comfortable...

The likely win has been helped by big hitting in the early and middle overs by Ellyse Perry and Alyssa Healy who certainly set things up for the run home.

But what if it was two overs to go and 27 to get? Now, that would be much harder.

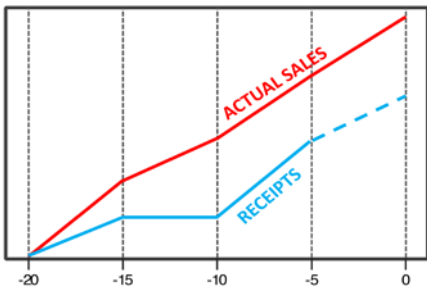
Inevitably that sort of predicament leads to other questions like “were they too aggressive early? Did they take too many risks?”

You do not want to push too hard and lose too many wickets. Equally, you cannot be so timid that you make the final chase just too hard. You have to strike the right balance, and use every strategy, every player and every ball to best effect.

Cricket, like many sports these days, is replete with statistics. They are entertaining and informative to spectators but really smart teams use them to create winning game plans.

On track or not?

Inventory management is also very much a game of run rates and making the right plays consistently over time. If you sell more than you are receiving, you will inevitably run down your inventory and may well stock out.



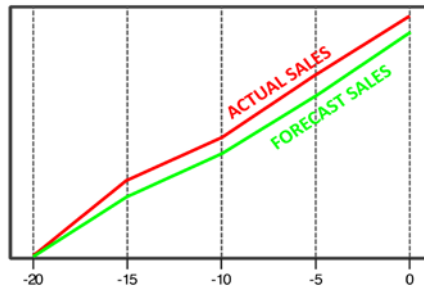
And if your sales are less than expected, then you may create excess and maybe even the potential to write off stock.

However in either case, the current situation is very likely a result of the cumulative effect of multiple past decisions. If you order monthly, and you have lead times of say, four months, then you will have at least four orders to get right in order to stay on track, and not be too high or too low.

You can be low in one month or a bit high in another. That is OK. It is the nature of a fairly random process that you will hardly ever be perfect. However if you are consistently short on the stock being received then you will have problems. Why might that have occurred?

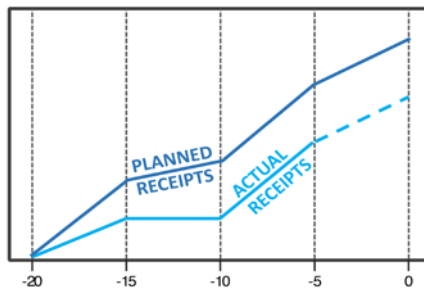
Why not?

Did you forecast enough demand? Well, not quite enough, but you might have been close. So in this case forecasting does not seem to have been a primary cause of the problem.



If it wasn't the forecast, then did you order what was being recommended? Did you follow the game plan? Or did your supplier simply fail to execute?

If you look back over the data, you can reconstruct the sequence of events that led to your current predicament. Was it the supplier who failed to deliver some two to three months ago, or did you fail to even order and then you did not realise your problem until it was too late?



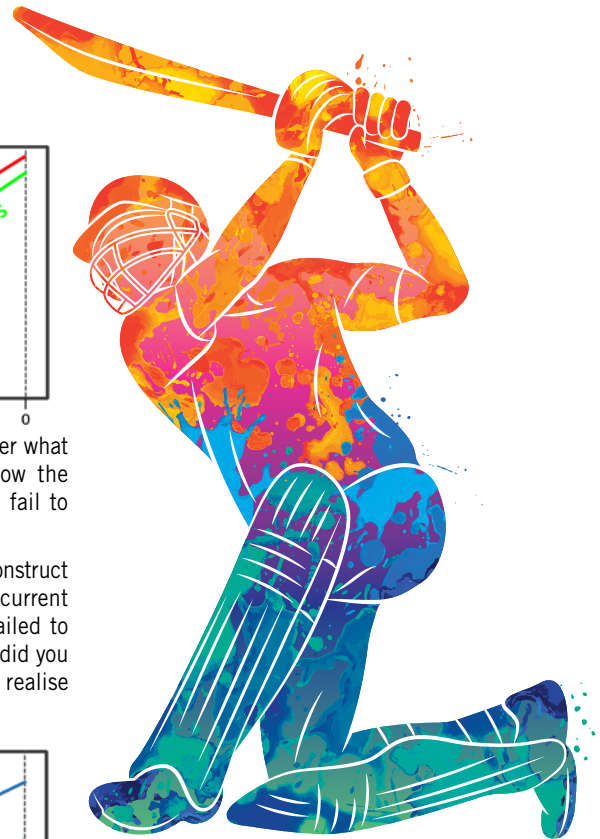
Learn to play better

Good sporting teams do not of course go on a witch hunt to find the culprit. They support fellow players who will from time to time falter. Like the best management teams, they seek out the cause and aim to reduce or eliminate it in the future.

To answer these sorts of questions, you need to record the past events and decisions and be able to play them back to help you learn and improve. With a network of hundreds of thousands and even millions of SKU locations, that can be many megabytes of data.

However, the value of the data can be very large and very real, and we have multiple techniques that can help you tease out the lessons from your past.

You can forensically determine where your problems were and still are. Do you need to focus on improving forecasts? Are your plans too conservative? Are you biased too much to avoiding excess? Should you take some more risks and improve your inventory utilisation? Is your purchasing team following the game plan? If not, why not? What can you change to take your game to a new level?



And celebrate

And it does not hurt to then raise your bat as you achieve your milestones and make your KPIs.

Improving the way your supply chain and inventory management works requires discipline and application. So enjoy the moments of achievement, but then remember that you need to take centre again, take a deep breath and renew your concentration – there are more runs to make, and more rewards to win.

As it happens, we have something to celebrate with this article too. It is our 50th. So maybe it is a good time to look back over some of the past articles and see if you can pick up some lessons from the past there too.

There are many inventory management initiatives that are described in those articles that will you not find elsewhere, indeed anywhere. Do you want to take your game to a new level?

For further information consult
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