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- Dale Hunter, Manager - Dealer Inventories

Improving inventory control at a manufacturer of small engines

Managing consignment inventories across a dealer network is very difficult if you do not have quick and easy visibility into their operations, and leads to poor customer service and higher inventory write-offs.

A manufacturer and distributor of small engines and parts managed their dealer's inventory through a consignment process. But the company was being burdened with ever increasing dealer inventories and decreasing customer service. With multiple product lines, totalling 400 stock keeping units (SKUs) and a dealer network of over 40 dealer locations, the company took an annual inventory count and found that they had the wrong inventory at the wrong locations. Inventory that moved well at one location was sitting unused at other locations and visa-versa. In the longer term, this meant the company would be facing massive write-downs.

"As time went on, our consignment inventory at dealers kept growing," said Dale Hunter, Manager of Dealer Inventories with the company. "Part of the problem was that we didn't really know what inventory we had at the dealers as we lost paper work. Also, inventory that was for discontinued engines was forgotten about as we had so many faster moving parts to worry about."

Inventory write-downs were becoming a critical concern for the company's executives as profit margins were already small and any write-downs would most likely drive the company to a loss. Something needed to be done to address the lack of inventory visibility and control.

Why Invendia?

The company looked at solutions from their existing ERP (Enterprise Resource Planning) software and found the cost too much and the time to implement far too long. Looking for an inexpensive solution that could be implemented quickly became a critical success factor for A small engine manufacturer. They found Invendia through a simple "Google" search.

"We really liked the low risk approach offered by Invendia," said Cathy McKenzie, Controller for the company. "The low cost monthly solution allowed us to try it very quickly and see if we and our dealers liked it. Also, since the application is hosted, we didn't have to put the application in our IT department and with integration being so easy, it was a no-brainer. Since we have put the solution in place, we have been ecstatic with the results and so have our dealers. They are the ones that really love the solution."

Invendia's Contribution

As inventories are sold by dealers, Invendia tracks the inventory usage against appropriate and simple to use re-order mechanisms, providing dealers and A small engine manufacturer with suggested re-orders. This allows A small engine manufacturer to trigger replenishment orders that fill dealer needs while managing against shipping constraints such as full pallets or shipment windows (hours of operation). This also provides a more accurate field inventory which ties back to the accounting system.

Manufacturing Small Engines

Invendia Success Story #23

Challenges

- Poor dealer customer service
- Increasing Inventory costs
- Lack of visibility into inventories

Solution

- Vendor managed inventory to manage consignment inventories
- Replenishment orders planned and dispatched

Results

- Increased customer service
- Lower inventories
- Better relationships with dealers
- Decreased administration



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- Cathy McKenzie, Controller

Manufacturing
Small Engines

Invendia Success Story #76

The Company's Results

The results have been outstanding. With the implementation, inventory discrepancies were reduced right away and they have been able to keep inventories at or below target levels. The solution has provided better customer service to their dealers, which has resulted in higher revenues and increased market share. Visibility into field inventories has enabled the company to increase their manufacturing efficiencies through better planning. The company also has reduced their rush shipments due to better inventory visibility and management.

"When we first started to approach this issue, I didn't think we could address the problem so quickly," said Cathy McKenzie, the company's Controller. "Since our IT department was already overworked, any IT project would get little executive sponsorship as it would likely fail. Put the two together and Invendia had tough hurdles to overcome. But overcome them it did, and quickly. We have seen a dramatic increase in customer service while cutting inventories. Not only that, but I do not worry about stock counts as we have a really good handle on what is in inventory at our dealers. The peace of mind was worth the tiny investment; the tangible benefits just made the decision so easy."



For more information, visit us at www.invendia.com or email info@invendia.com

