

Inventory Stratification





Overview and Need

"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, Building Materials Distributor

Inventory is often one of the largest investments for distributors. As a result, effective inventory management can be the difference between thriving, surviving and dying.

Inventory is necessary for business operations and customer service, but distributors must balance the profitability of customer service against the cost components of inventory in order to optimize their return on inventory investment.

Most distributors determine their inventory management policies solely based on volume or product lines, but this myopic view could be detrimental in the long run. A structured inventory model should consider volume, velocity and profitability as critical dimensions and

should align with the firm's strategy and value proposition in order to be profitable in the long run. This program will evaluate your firm's existing inventory management policies and will determine the optimal inventory stratification methodology as a first step towards establishing a structured inventory management model.

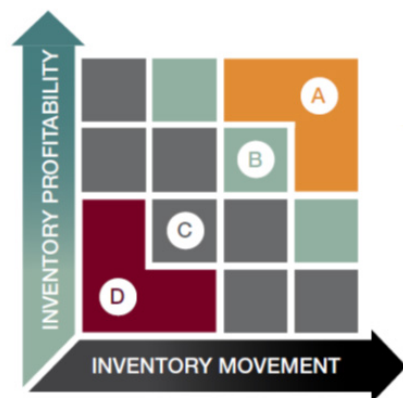


Figure 1: Texas A&M Inventory Stratification Framework

Program Summary and Objectives

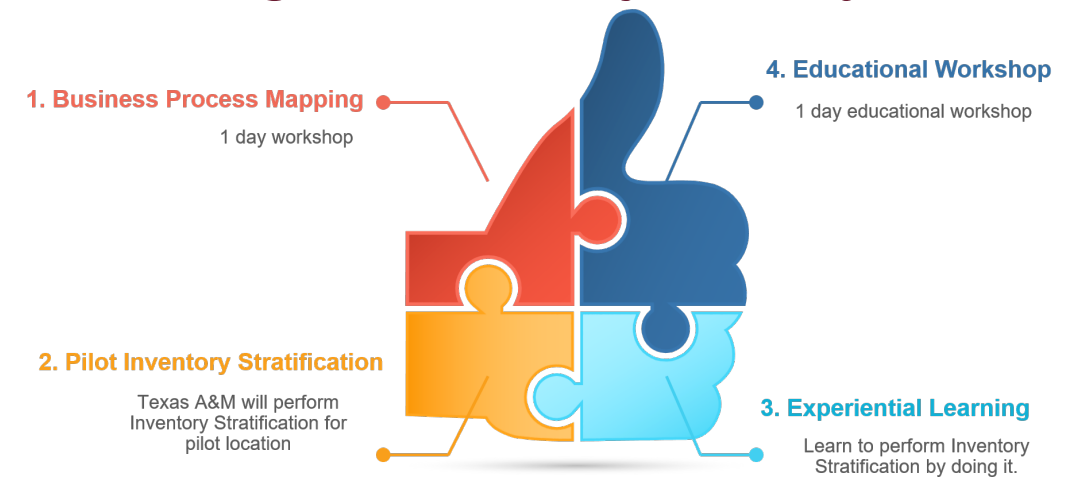
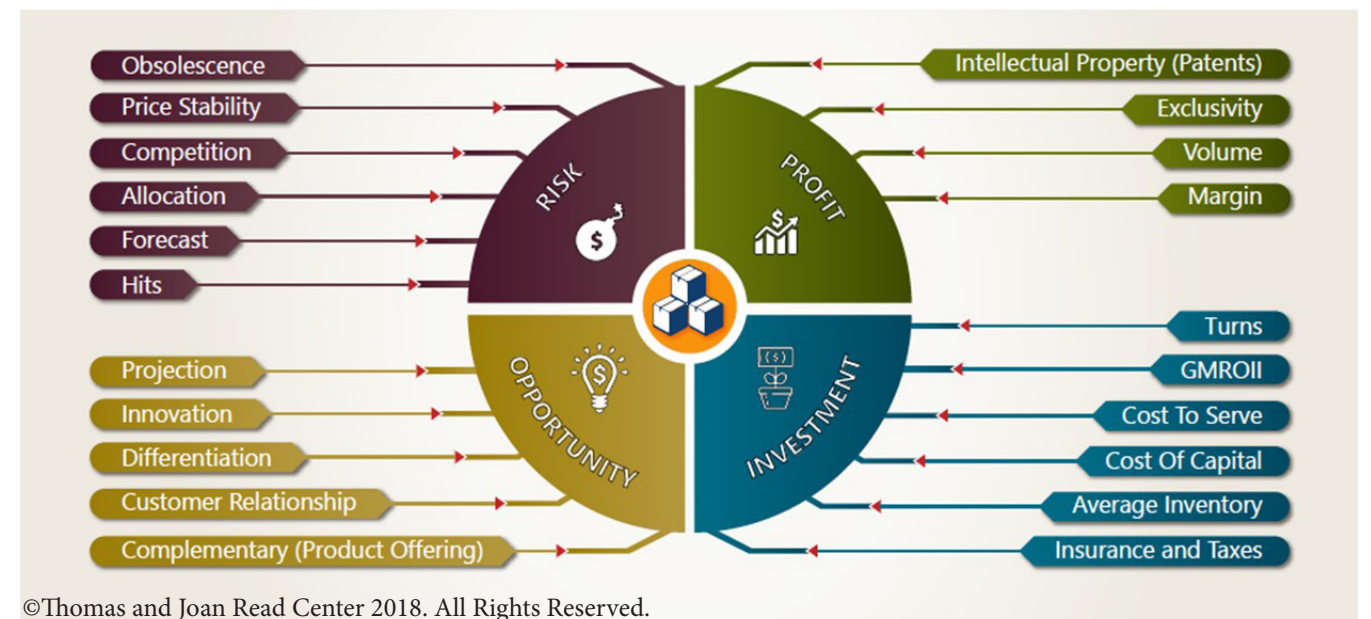


Figure 2: Project Phase

Phase 1 - Business Process Mapping:

The research team will conduct a one-day workshop to understand your supply chain and other important business characteristics from an Inventory Stratification decision-making viewpoint. This phase includes an assessment of your firm's current Inventory Stratification process. The workshop will follow the Inventory Stratification framework developed by Thomas & Joan Read Center for Distribution Research & Education.

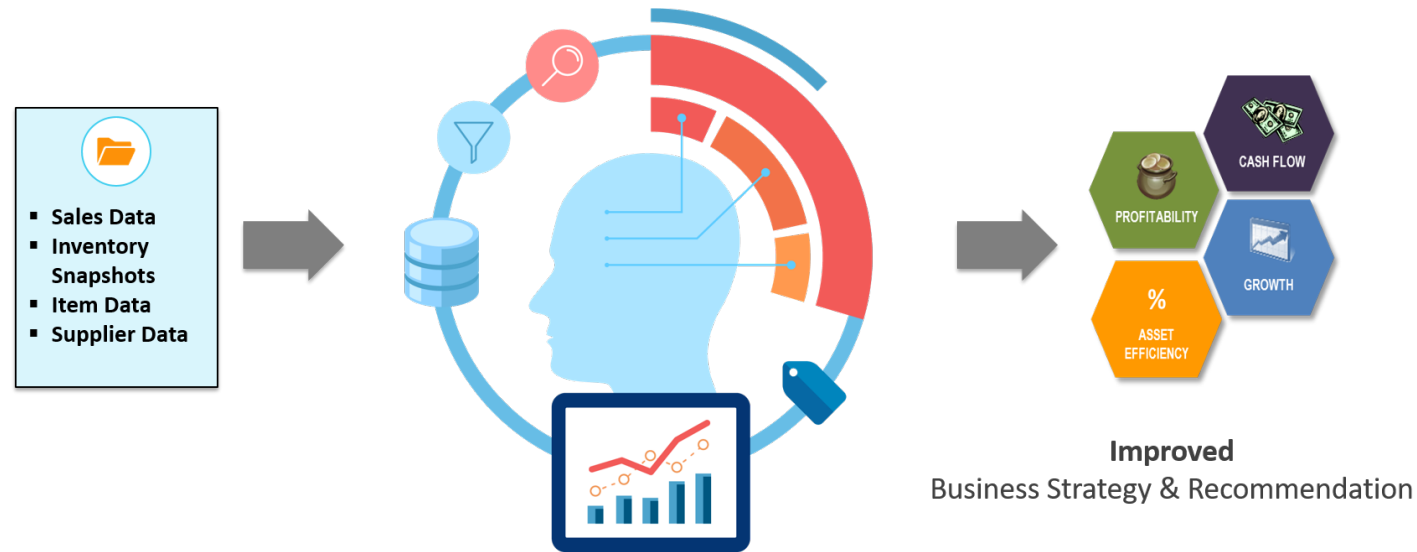
360 Inventory Performance Review



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Phase 2 – Pilot Stratification Analytics

In this phase, Texas A&M will perform Inventory Stratification for an agreed upon pilot location using your firm’s data as illustrated in the graphic below. Your company will need to extract and provide the data in the required format to be specified by Texas A&M. Our research team will help you identify the data they are looking for and the optimal format in which to deliver it.



Inventory Stratification

Figure 3: Inventory Analytics

After this, business strategies will be developed using the Inventory Stratification results, including pricing recommendations and inventory strategies.

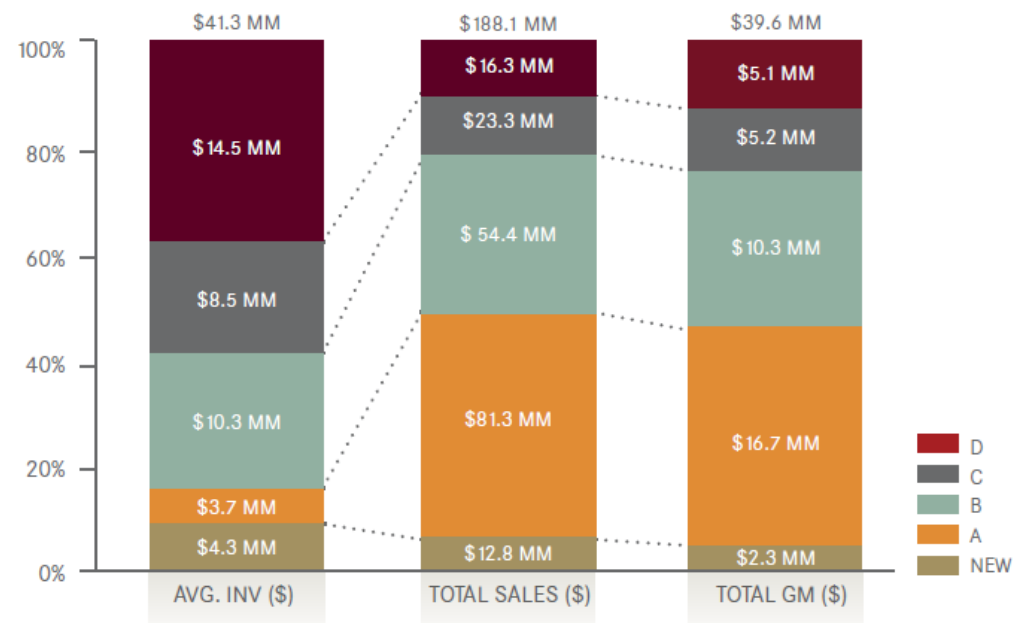


Figure 4: Pricing Analytics Dashboard

Phase 3 – Experiential Learning

In this phase, we will teach your analysts or representative members on how to perform Inventory Stratification. As a part of this phase, a detailed step-by-step procedure will be provided and hands-on activities will be carried out in a webinar/in-person setting. This will enable the participants to understand and learn the analytics process, and will help your company to replicate the analysis in other areas of business decision-making in the future.

Phase 4 – Educational Workshop

The results of the data analysis phase will be presented in a 1-day educational workshop to facilitate change management and to develop inventory strategies. Texas A&M will demonstrate the variables that factor into Inventory Stratification methodology, and this session will educate the executive team, sales force, and the IT team on Inventory Stratification and its potential applications.

Workshop Agenda

Activities:

- Texas A&M Inventory Management Framework
- Inventory Stratification
- Inventory Strategies
- Forecasting, Reorder Point, Order Quantity
- Q&A



Benefits

- Understand profitable and non-profitable Inventory
- Prioritize Inventory and deploy resources appropriately
- Adopt a simple, practical, and scientific framework
- Utilize existing information in your system to increase ROI

Who Should Attend?

- Sales and Branch Managers
- Purchasing Personnel
- Executives and Strategic Managers
- Business Analysts and IT Managers

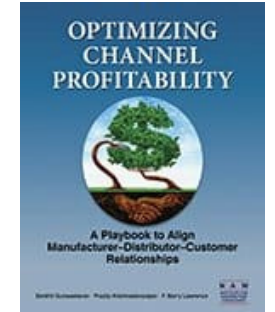
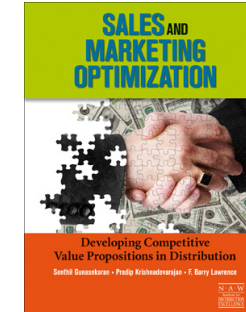
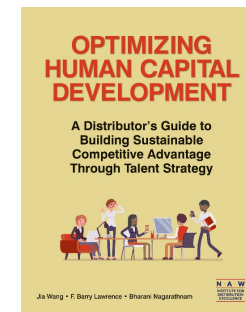
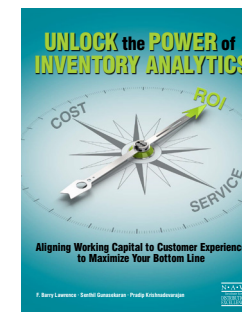
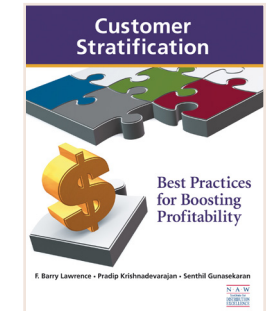
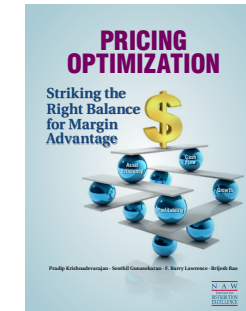
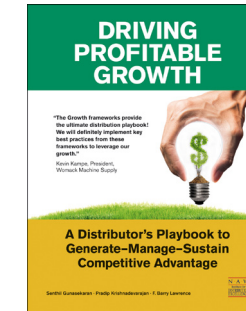
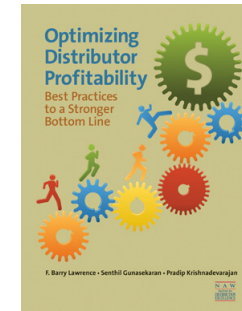
Deliverables

- Slides as a course booklet
- Workbook for exercises and activity
- Inventory Analytics Book
- Certificate



Current Publications

All publications are published through Texas A&M University's partnership with the NAW Institute for Distribution Excellence. The following publications can be purchased here: <https://www.naw.org/naw-institute-for-distribution-excellence/#CRDBP>



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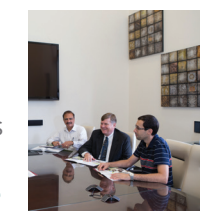
Program duration is

1-5 Days



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READCENTERINFO@TAMU.EDU

Texas A&M University

Dr. F. Barry Lawrence, PhD
Leonard and Valerie Bruce Chair in Industrial Distribution
Program Coordinator of Industrial Distribution
Director of Thomas and Joan Read Center for
Distribution Research and Education

Dr. Esther Rodriguez Silva, PhD
Talent Incubator Program, Director
Global Supply Chain Laboratory, Director
TEES Assistant Research Professor

Industrial Distribution Program | Texas A&M University
3367 TAMU, College Station, Texas 77843-3367
P: 979.845.1463 | M: 979.571.5513
barry.lawrence@tamu.edu

3367 TAMU, Texas A&M University
118F Sbisa, College Station, TX 77843-3367
Direct: 979 845 3146
estherrsilva@tamu.edu

Registration and Invoicing

Patrick Dolan
Program Assistant, Thomas and Joan
Read Center for Distribution Research and
Education
P: 979.458.2862
dolan606@tamu.edu

NAW Institute for Distribution Excellence

Patricia A. Lilly
Executive Director, NAW Institute for Distribution Excellence
1325 G Street, NW, Suite 100, Washington DC 20005
P: (202).872.0885
plilly@naw.org | www.naw.org



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