

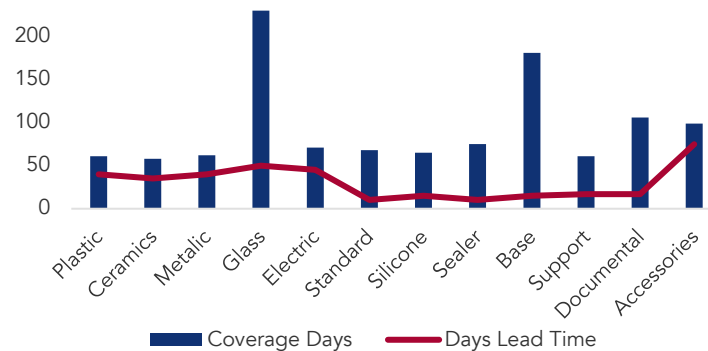
Bought-in Part Planning

PICTURES BEFORE

Stock Value & Warehouse Occupancy by ABC Classification

ABC Matrix (consumption 2017)	Stock Value	Warehouse Occupation
A	36%	38%
B	24%	33%
C	34%	24%
No consumption	6%	5%
Total	18,1M€	~4000 (pal)

Stock Coverage & Supplier Lead Time by Article



Problem

- Average stock coverage of **67 days**, with average supplier lead time of **31 days**
- **£18.1m** worth of inventory held in stock due to inconsistent deliveries by the supplier
- **4000 pallets** stored in the warehouse

Root causes

- Lack of frequent KPI tracking: stock value, stock coverage or supplier Lead Time
- Component ordering based on forecasts with low accuracy
- No repercussions for suppliers who fail to comply with service level agreements

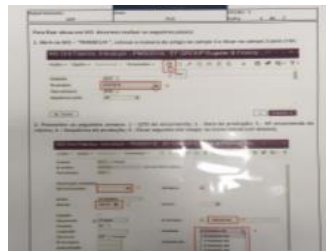
Solution approach

- Implementation of **Periodic ABC Classification** (frequency and volume) to identify Material Requirement Planning and Reorder Point articles
- **Reorder Point Pilot Tool** in Excel to validate the concept
- **Renegotiation of supplier contracts:** Lead Times, frequency of delivery, minimum order quantity, consignment and packaging
- Pull Planning Manual and **Standardisation of planning processes**
- **Standard Reports** to communicate with suppliers

PICTURES AFTER



Team Meetings



Procurement Standard

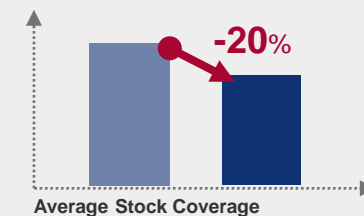
Volume Frequency	A	B	C	SC
X	MTS	MTS	MTS	MTO
Y	MTS	MTO	MTO	MTO
Z	MTS	MTO	MTO	MTO

Routine Classification

Calculation of Reordering Point

Benefits

**Savings
£2.3m**



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