



5 rules for managing stock and improving availability during times of shortage

The story so far... demand & supply volatility

BREXIT

Brexit transition periods ends

Suez Canal blockage



March 2020

Dec 2020

Early 2021

March 2021

June 2021

First UK COVID-19
lockdown



Container
shortages become
apparent and
prices hike



Demand and price of raw
materials continue to soar – 12
mth trend



The consequences...



Stock shortages

+



Unhappy customers

=



Stressed supply teams

1

Be extra nice to suppliers

Competition for stock is high!

It's critical to build and nurture strong supplier relationships at all levels of your business.

Rules:

- Only ask for the stock you need
- Give suppliers as much info about your requirements as possible
- Share a **monthly order schedule** - a demand projection, based on your sales forecast, giving a clear picture of what stock you need and when
- Use it as a basis to agree whether expectations can be met / what can be achieved



2

Prioritise the right stock

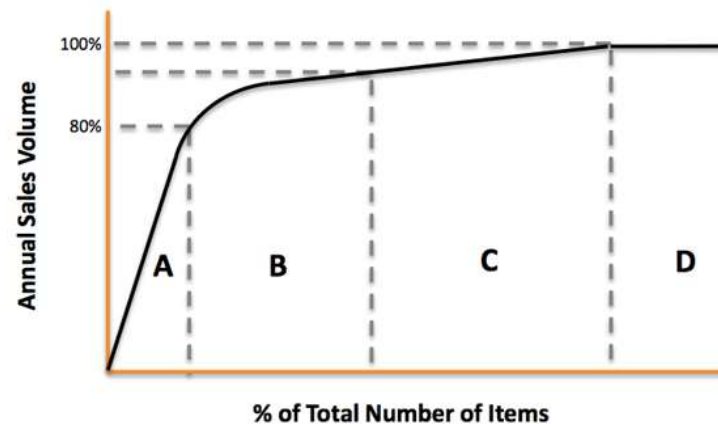
ERPs replenish but don't optimise stock levels

Rules:

- Work with all departments to identify stock items that are business-critical
- Criteria: production-critical components? inventory for contracted customers? most profitable products?

Tools:

- ABC analysis



3

Track risk of run out KPIs

Make sure you know which items are at risk of running out!

Rules:

- Use a risk of runout report using current stock levels, demand forecast and lead time
- Work out the dates when stock is due to fall below a specified point
- Focus on your identified critical stock items

Requirements:

- Accurate stock data and forecasts
- Regular report updates



With critical items and ROR report you can then:

Put a plan in place to deal with the situation:

- Move stock from elsewhere in the business
- Fast-track an emergency order or find a different supplier
- Increase ecommerce prices to lower demand, or remove it from your website
- Hold stock back for key accounts
- Inform customers in advance so they can make other arrangements



4

Allocate stock intelligently

Make optimum use of the stock you do have e.g every stock item in your supply chain.

Rules:

- Identify any excess stock
- Prevent branches over-ordering – stick to forecasts
- Understand stock limitations and make informed decisions about what to do with what you have left:
 - Give it to customers that give you the highest margin?
 - Give it to customers that take the biggest volumes?
 - Give it to customers doing the most worthwhile projects (e.g. building a hospital)



5

Up your forecasting game

Forecasting is challenging but critical:

Rules:

- Find a similar sales period in history to base current forecast on e.g period of growth?
- Use insights from sales teams / branches and customers
- Look for emerging sales trends
- Add seasonality
- Adjust forecasts accordingly
- Ensure all departments are regularly communicating and feeding back





Let computers do the computing

Technology is critical to help manage your supply chain during periods of severe disruption. It will also keep you one step ahead of the competition as we move into a new era of trading.

- ✓ Makes businesses responsive and agile
- ✓ Increases efficiency
- ✓ Gives you more time for customers and suppliers
- ✓ Improves decision-making



Whitepaper download:

Ten rules for managing stock and improving availability during times of shortage

info.eazystock.co.uk/eda-stock-shortages



Thanks for listening!

Any questions?

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