



## LEARNING TO SEE

*A LARGE CONSUMER PRODUCTS COMPANY NEEDED TO REDUCE INVENTORY. A SIMPLE ZINATA TOOL MADE INVENTORY VISIBLE, AND THUS REDUCIBLE.*

## IN A NUTSHELL

### Industry

Consumer Products

### Challenges

- High and stagnant global inventory levels
- Varying inventory levels across business units and supply chains.

### Solution

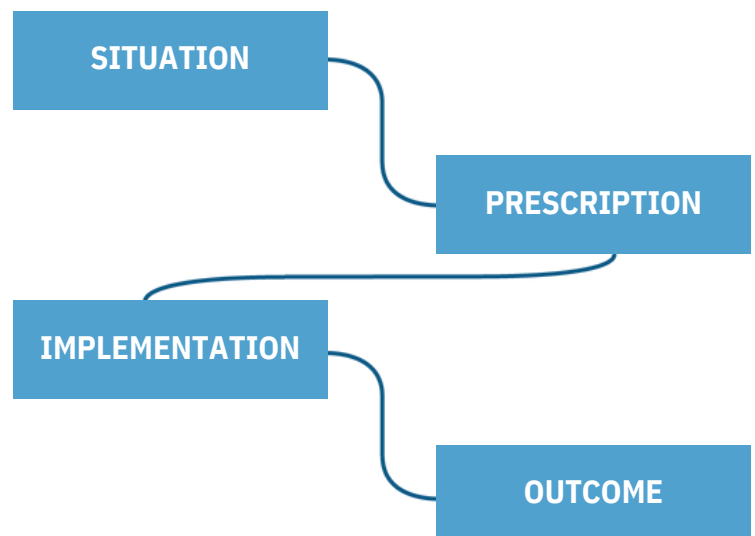
Clear goals were set, leaders were assigned, and the Learning to See Inventory (LETSI) tool was implemented. LETSI provided visibility into inventory by SKU, identified non-performing stock through safety inventory overlays, and enabled adjustments to reduce dead stock. Integration into SAP allowed for global access.

### Outcome

- LETSI reduced finished goods inventory by 10%
- Customer service levels were maintained or improved
- LETSI was permanently adopted across all regions and businesses

A large consumer products company faced the challenge of reducing inventory, which had remained constant for years. Efforts to reduce inventory were hindered by the tendency to maintain high levels for the sake of service levels. To address this, the company implemented the Learning to See Inventory (LETSI) tool, a graphical display that made inventory visible and understandable from top management to the shop floor.

LETSI enabled planners and inventory analysts to identify and eliminate non-performing inventory, resulting in a 10% reduction in finished goods inventory. Customer service levels either remained the same or improved. The success of LETSI led to its widespread adoption across all businesses and regions, complementing value stream mapping and facilitating the identification and resolution of inventory root causes.



## SITUATION

A large consumer products company's global inventories had remained relatively constant for a number of years. There were significantly different inventory levels by business and supply chain. Also, there was significant sku turnover as new skus came into the market and old skus were discontinued. But new skus enjoyed varying levels of success, which added non-performing inventory in all markets.

Efforts to reduce inventory were not sustained, as service levels led to "just in case" rather than "just in time" inventory decisions.

A new approach was needed.

## PRESCRIPTION

Knowing that systemic and sustained improvement had to start with a clear declaration by leadership, corporate and business unit goals were set and leaders assigned. Business silos destruction was accompanied by a search for the best tools and processes. One that emerged in this search was a graphical inventory analysis tool that had started in a regional business known to have the best inventory globally, as measured by overall day's inventory. What made it so successful? It was simple. It made inventory visible. It could be understood from the board room to the shop floor. It was time to bring it to all businesses in all regions.

## IMPLEMENTATION

The Learning to See Inventory (LETSI) tool is a graphical display of available inventory by sku (or group of skus) by day, typically for a year. Overlaid on this display is safety inventory. LETSI was used by planners and inventory analysts to see where there was dead stock / non-performing inventory that had not been used. Planners then made safety and / or planning adjustments to reduce or eliminate this inventory without exposing the business to any service risk. In many instances, up to 10% of overall inventory was found to be dead stock. Interventions using LETSI resulted in virtually all dead stock being eliminated – and these reductions maintained over time. People were finally able to connect the dots between parameter settings, inventory levels and service.

LETSI's ease-of-use enabled its rapid acceptance and application. While originally created in Excel and made available quarterly, with corporate support LETSI was integrated into SAP Business Warehouse data toolsets and given on-demand to planners and inventory analysts globally. LETSI capability is now embedded in the organization.

## OUTCOME

Corporate finished goods inventories were reduced by 10% due to LETSI. Customer service levels either remained the same or improved – a win-win. Focus was then extended to raw and packing material inventories, with similar reductions in cost and no harm to service. LETSI's simplicity and effectiveness saw its ready acceptance and use across all businesses and regions permanently. It has proven a perfect complement to value stream mapping and accelerates the finding and correcting of inventory root causes.

**Ready to optimize your inventory management? Don't miss out on the opportunity to streamline your operations and enhance your profitability. Schedule a call now at [www.Zinata.com](http://www.Zinata.com) and unlock the power of effective inventory management.**