



ECR Inventory Optimization Project

Sponsored by the ECR Europe Supply Chain Committee
Facilitated by 4flow

Come join us for our breakout session:
"Collaborative Inventory Optimization"
ECR Conference 2011, Brussels
On April 5th at 5:00 pm
At "The Arc"

ECR Inventory Optimization Project

We invite you to participate in our exciting breakout session "Collaborative inventory optimization" in which the project team will present the first findings of this ECR project.

Project background: 16 well-known companies from the retail and consumer goods sector are joining together to identify new inventory optimization approaches. The purpose of this project is to develop collaborative industry guidelines for end-to-end inventory optimization across the supply chain from manufacturers' finished goods warehouses to retailers' shelves.

During this breakout session, you will learn about novel inventory strategies aimed at overcoming the traditional unilateral approach and optimizing end-to-end inventory in supply chains.

We will also share with you ideas on how retailers and manufacturers can optimally work together so that both sides equally benefit from a collaborative approach, as well as which prerequisites have to be met and which benefits you can expect to achieve.

Collaborative Inventory Optimization Guidelines

The results from the first project phase serve as a basis for a set of optimization guidelines that can be applied bilaterally by retailers and manufacturers to collaboratively optimize inventory in the supply chain:



Guidelines for collaborative inventory optimization

Phase I: Visibility study

During the first phase, retailers and manufacturers jointly collect relevant KPIs to analyze the overall supply chain performance from the manufacturer's warehouse to the retailer's shelf (an end-to-end perspective). The awareness about inventory, service levels, availabilities and the responsiveness of the supply chain provides the necessary basis for identifying existing weaknesses that need to be addressed collaboratively. Clearly and comprehensively visualizing these issues further supports this optimization process and assures getting management's attention.

Collaborative Inventory Optimization Guidelines

Phase II: Root cause analysis

Cross-functional teams from both the retailer and manufacturer side work together to identify joint interdependencies in the supply chain that are the very cause of the weaknesses identified during the visibility study. The method of analyzing cause-effect relationships will provide you with a deeper understanding of the root causes standing behind these issues. The ECR project team has described in detail the most common root causes in fast-moving consumer goods supply chains for you to take home with you.

Phase III: Continuous improvement

In the last phase of the approach, solutions will be developed in order to overcome the root causes that were identified in phase II. The project team has leveraged proven best practice examples from the industry to be used as a basis for developing a variety of feasible solutions that can be applied or adapted to the special needs of your supply chain. To achieve sustainable inventory optimization with a collaborative approach, the proposed solutions will then be prioritized according to the benefits for all supply chain partners. Focusing on the benefits will facilitate management buy-in for implementing the new strategy.

What you will take home with you

The guidelines for collaborative inventory optimization combine several methods and tools that can be easily applied to your supply chain. You can expect to take the following home with you:

- A **defined set of KPIs** to serve as a basis for a common understanding of the supply chain performance between you and your supply chain partner
- A **standardized template for visualizing** your supply chain performance from the manufacturer's warehouse to the retailer's shelf, which will assist you in identifying the main issues that need to be addressed within your supply chain
- The **cause-effect analysis approach** that will help you gain a better understanding of interdependencies within your supply chain and derive the root causes to be dealt with
- A **conceptual framework** that will provide you with proven best practice examples from the industry
- A clear and comprehensive method for **prioritizing optimization measures** to get you the buy-in from your management

Speakers

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