

OPTIMIZE INVENTORY AND FREE UP CASH
Unleash working capital



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IS THIS HOW WE START THE 5 YEAR DC PLAN ?

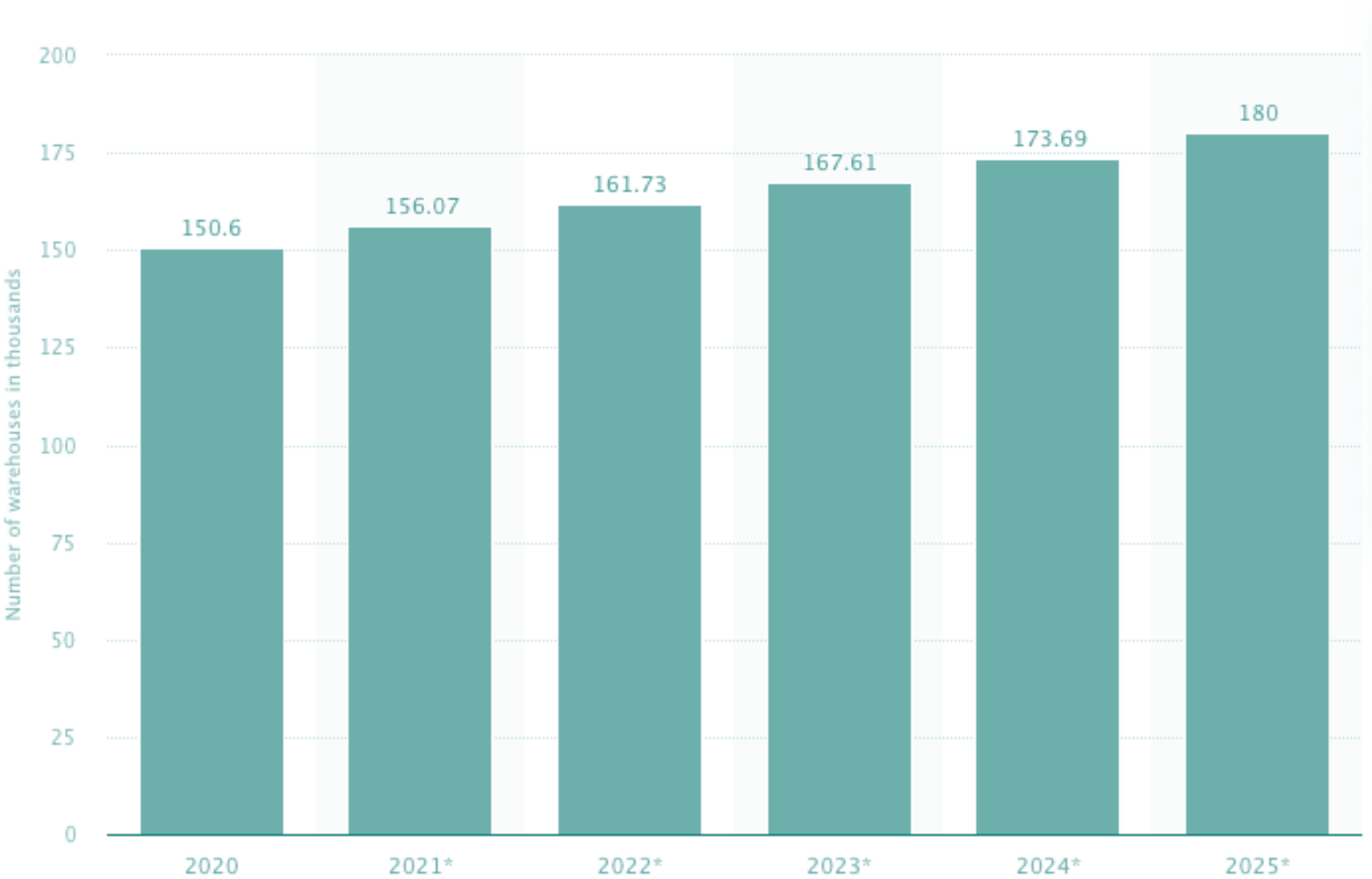


IS THIS WHAT IT LOOKS LIKE IN 1 YEAR ?



Number of warehouses worldwide from 2020 to 2025

(x 1,000)



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Number of newly-constructed warehouses in Europe from 2010 to 2023 (in million of square meters)



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WHAT HAPPENED ?

DC STRATEGY ?

SUPPLY CHAIN STRATEGY ?

IS INVENTORY AN ASSET ?

**ARE WE ALL WORKING
WITH THE SAME KPI's ?**

**ALIGNMENT BETWEEN
STRATEGY AND EXECUTION ?**

**WHAT IS DEMAND
FORECAST IMPACT ?**

**OPERATIONAL
EXCELLENCE ?**

One Strategy, One Vision, One Plan, One Execution?

- › Is there a global Supply Chain Strategy?
- › Is there an aligned Inventory and Warehouse Management Strategy?
- › Is everyone aligned and aware?
- › Is there 1 KPI or are there multiple contradicting KPI's?

Warehouse Strategy? Not under control!

- › Build with a strategy and a plan, operate without strategy, just plan.
- › Different way of looking at it: the classic way of working vs. the new sustainable approach
- › APS vs WMS vs TMS:
 - › Building Warehouse just for the square meters?
 - › Creating space versus Optimizing Space
 - › Need for business control and financial control (ROCE)

E2E is only the strategy or the planning

- › It is also about the execution and operational wisdom
- › Build with a strategy and plan with this strategy in mind
- › We need a high-level design for Global Planning taking into account aspects such as practical planning, constraints, seasonality, specials, promotions and exceptions.
- › Warehouse Management in need of “What if Scenario’s” (Digital Twin?)

What about ROCE ?

Return on Capital Employed is a financial ratio that measures a company's profitability in terms of all of its capital.

ROCE is similar to return on invested capital. It's always a good idea to compare the ROCE of companies in the same industry as those from differing industries usually vary.

How are you doing compared to competition?

6. Portfolio Optimization

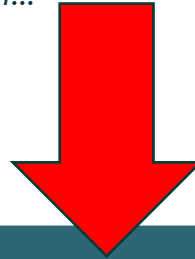
5 WAYS TO REDUCE WAREHOUSE INVENTORY

Reducing inventory levels is the first step toward successful inventory optimization...

1

3PLs HELP REDUCE LEAD TIMES

Ask your 3PL provider to work with you and analyze your lead times to see which parts of your supply chain processes could be made shorter to better serve your customers.



3

PRIORITIZE STOCK / ELIMINATE OBSOLETE STOCK

Use data from your 3PL's inventory management system to identify slow moving product versus the fast movers. From this, you can accurately forecast your stock to meet your demand. This also allows your 3PL to optimize warehouse space to better manage and distribute your most popular lines.

IMPROVE FORECASTING

Demand forecasting is another step towards successful inventory optimization. Forecasting correctly means you only receive the inventory you need.

2

4

REVIEW SUPPLIERS REGULARLY

Look closely at your suppliers. Do they have inefficiencies that are impacting the performance of your business? Communicate with them to rectify problems or consider changing suppliers.



5

ORDER FULFILLMENT COSTS



Managing overall cost per order is based on three key factors:

1. ordering [picking/shipping]
2. storage costs
3. transportation

Look for a 3PL partner with a flexible rate structure for the most cost efficient solutions.

Let discuss some provocations

- › *Your new warehouse will be full long before it was planned to be.*
- › *The shopfloor will overrule the tactics, if given the chance "to fill it to the limits"*
- › *You need the guardrails upfront. How are you going to get your working capital in line?*


Vision and Strategy vs. Actual Operations



Thank you!

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