

*Program results provide significant capital and operating cost reduction.*

Through both direct participation and written reports, we describe our findings and recommended improvements in sufficient detail for ease of implementation by the company, with or without our assistance.

Capital and operating cost reduction opportunities are identified and future benefits estimated. The results of this effort provide management with a "report card" on the status of sourcing and inventory investment and a prioritized sequence of improvement actions.

*REM Associates Qualifications:*

REM Associates provides consulting services designed to assist a wide range of companies where improved product sourcing and management of inventories and facilities operations can significantly reduce both capital and operating costs and improve profits.

We have effectively served many clients in this specific area over a long period of time. Through this experience, we have become familiar with current trends and practices and know what to look for as well as how to look.

REM Associates is a network of highly experienced consulting personnel. These senior management people provide tailored resources to meet the specific needs of each company within a fee structure that is substantially lower than the larger management consulting firms.

*Reduced inventory investment can provide the margin of success for business management of the '90s.*

*Our Consulting Services Include...*

*SOURCING STRATEGY*

*OPERATIONS PLANNING*

*INVENTORY PLANNING*

*"J I T" ANALYSIS*

*"A B C" ANALYSIS*

*FACILITIES PLANNING*

*LOGISTICS STRATEGIC PLANNING*

*For...*

*PRODUCT SOURCING/PROCUREMENT*

*MANUFACTURING OPERATIONS*

*DISTRIBUTION AND TRANSPORTATION*

*INVENTORY MANAGEMENT*

*CUSTOMER SERVICE*

*INFORMATION SYSTEMS*

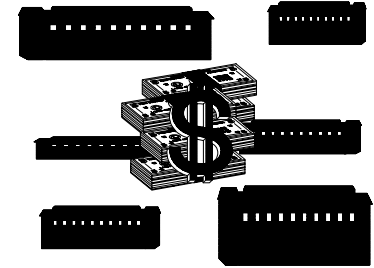
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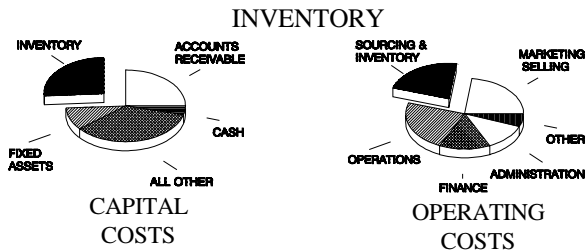
# *Sourcing & Inventory Management*

## **KEYS TO PROFIT IMPROVEMENT**



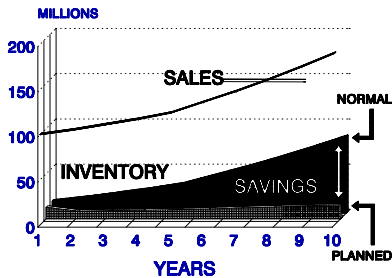
***Have you evaluated the effectiveness of the sourcing and inventory management functions of your business?***

Product inventory represents up to 35% of your business capital. In addition, it accounts for a large portion of operations costs.



Coupled with the annual carrying costs, an increase in turnover and a reduction of stock levels will produce immediate savings of several million dollars and an ongoing cost reduction of several hundred thousand.

In addition, inventory management focus needs to consider:



- Shifts in product mix and sourcing
- A B C product/inventory relationships
- Product ordering and delivery patterns
- Customer service requirements

As prices increase and competition intensifies, sourcing and inventory management can be avenues to reducing costs and increasing profits.

***Clearly defined goals and objectives form the framework for inventory reduction and improvement in product sourcing.***

**SOURCING AND INVENTORY MANAGEMENT IMPROVEMENT PROGRAM**

Our program is designed to assist management in identifying and implementing sourcing and inventory management policies and procedures, assisted by data information and reports, resulting in higher turns and reduced costs, while maintaining or improving levels of customer service. It examines product sourcing, inbound receipt processing, facility layout and stocking, and order processing outbound to customers. It can be effectively applied to companies that produce as well as distribute products to the market place. It is designed for continued internal monitoring and/or external assistance.

It considers certain key factors that play a role in influencing changes within business operations. Typically these include:

- Accuracy of sales forecasts
- Numbers and types of vendors
- Vendor partnershiping
- Facilities, capacity, and operating costs
- Information systems and accessibility
- Operating reports and controls

**PROGRAM OBJECTIVES:**

**Primary Objective:**

Increase inventory turns and reduce capital and operating costs associated with the sourcing, storage, and movement of products through the business in response to marketplace and customer service requirements.

**Secondary Objective:**

- Reduce storage and handling of products
- Control inventories based on velocity and service requirements
- Eliminate obsolete and "dead" stocks
- Improve facility utilization.

***A well-organized approach to inventory management is essential to guarantee accomplishment and results.***

**PROGRAM METHODOLOGY:**

Our approach to this type of program begins with a detailed examination of sourcing and related operating activities. This is accomplished through a thorough review of procedures and policies and observation of all methods and functions. Activities are observed and data analyzed using proven methods and techniques, coupled with computer analysis and modeling.

This evaluation will answer questions such as:

- Are present sourcing policies effective in procuring products?
- Can the flow of material and product be improved?
- Are present storage and handling methods best suited to accomplish inventory and distribution requirements?
- What selected changes will produce improved results in terms of reduced stocking requirements and/or lower costs?
- What level of inventory can be effectively maintained in order to provide existing or increased levels of customer service?
- What monitoring and control devices need to be implemented to assist management?

***Our analysis identifies specific actions that have the potential for more efficiently managing inventories, resulting in significant savings to the company. Specific recommendations are documented and savings estimated.***