

Case Study
Replenishment



FleetPride Drives Heavy-duty Returns on Slow Movers

1

month to break-even on investment

50%

increase in redeployment of E&O inventory

Superior customer service:

FleetPride is the largest independent distributor of aftermarket heavy-duty truck and trailer parts in the United States with a network of five regional distribution centers and 260 branch locations in 45 states. To provide a superior level of service, the company has localized assortments across their network to ensure that customers get what they need, when and where they need it.

However, 70% of their widely varying inventory, from small nuts and washers to transmissions and axles, sells less than one unit per month. As a result, FleetPride has been plagued by excess and obsolete (E&O) inventory, especially at the local branch level. To solve this problem, FleetPride added Blue Yonder's slow mover forecasting & replenishment capability within the Blue Yonder forecasting and replenishment solutions it had already deployed.

Challenges:

- 70% of all inventory sells less than one unit per month, resulting in excess and obsolete inventory throughout FleetPride's network.
- Traditional forecasting methods represent forecasts for slow movers as a fraction, but you never sell a fraction of a unit, creating a false picture of demand.
- FleetPride was using work-arounds to support their slow mover business needs because purpose-built slow mover solutions were not previously available.





Getting demand signals right:

When projected on-hand product for a slow mover drops below safety stock level at a FleetPride branch due to a false demand signal of a fractional sale, a DC-to-branch replenishment order is initiated. Given the branch did not actually sell the slow mover that day, this and similar occurrences across many branches drives a misleading order plan at the DC. Further, those branches it can supply may not sell the part for weeks leading to over-stocks. Conversely, a store that did not get the replenishment but had a sale of the part could be out of stock for an extended period due to long vendor replenishment lead times.

The breakthrough of Blue Yonder's slow mover solution is the use of a patented technology for integer representation of decimal forecasts and business rule-aware deployment release. The solution uses detailed store SKU history and sophisticated algorithms to create realistic supply chain plans for slow movers. This allows retailers and suppliers to better understand what inventory should be purchased, ensuring that all on-hand inventory at the branch is considered.

Reducing inventory levels:

The system gave FleetPride better visibility to all items, however, allowing them to order more effectively and decrease fast mover inventory. For medium-moving SKUs, the system reduced inventory levels as expected. The interesting result was that rather than decrease slow mover inventory at all locations as expected, FleetPride found that better visibility to demand actually led them to increase inventory at some branches while decreasing inventory at others in order to provide higher services levels to all of its customers.

Speed-to-value:

The Blue Yonder solution offered remarkable enablement and speed-to-value. It was architected to be fully integrated into the Luminate Planning platform, which was already in place at FleetPride. The solution was installed at 3:00pm on a Friday and was available for production users by 6:00pm that day. FleetPride executed the scheduled plan processes over the

weekend and were live with slow mover solution on Monday morning.

“We found that in the first month, our inventory reduction closely followed our optimistic projection and we are on track to deliver appreciable ROI from Blue Yonder's solution.” -

Manager of Demand, Inventory, and Production Planning

Solution benefits:

- Provided a break-even on FleetPride's investment in one month
- Reduced inventories across fast, medium and slow movers
- Supported FleetPride's corporate goal to provide higher service levels
- Enabled a 50% increase in redeployment of E&O inventory

Blue Yonder's expertise:

“Early analysis showed our average PO cost went down while our service levels improved. We also utilize dynamic deployment to use excess and locally obsolete inventory to fulfill demand at other locations at the lowest cost. In the first month after implementation, we found we were able to redeploy 50 percent more than we had in the past.”

As part of their implementation planning, FleetPride projected a range of potential reductions in inventory they might experience with the Blue Yonder solution. Their projection was that over a year's time after implementation they would reduce total inventory between 1.5% and 3%, while they would need only an inventory reduction of approximately 0.4% to break even on their investment.



blueyonder.com

