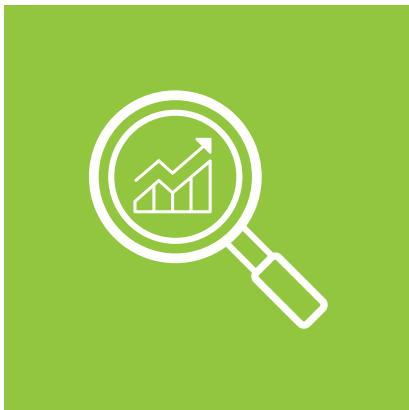


Inventory Management Workbook

Elevate your manufacturing performance
with a fully digitalized inventory management system.



How to Use This Guide



Digitized inventory management can make your supply chain more efficient and resilient to disruptions, develop higher visibility into your part consumption, improve forecasting and help you reallocate resources to more productive responsibilities. All of which help increase productivity and profitability. **Optimas calls this Efficiency Up!**

Optimas' quick-start workbook will guide you through the decision-making/selection process for an inventory management system. We encourage you to use this guide to:

- Determine your inventory management needs before you get started
- Vet inventory management solutions providers
- Set up KPIs to measure success

Ultimately, we want to help you optimize inventory levels and elevate operating efficiency.



**Reduce the risk of
disruptions and
miscommunications
multiple data
sources can spark.**

Questions to Get Started

Discuss these questions with internal stakeholders to determine your specific needs for a digital inventory management system.*



1. Please identify:

Min/Max Levels:	PO and Line Numbers:
Pack/Reorder Quantities:	UOMS:
Bin/Box Sizes:	Part Numbers (Customer and Supplier):
Number of Bins (1,2,4,8)?	Other attributes:

2. What are my ideal replenishment intervals? *(Circle the best answer)*

Hourly Daily Weekly Monthly Quarterly Yearly

3. What type of certifications and requirements will I need with the new manufacturer/supplier?

4. What are my ideal types of racking and bins? *(Circle the best answers)*

Gravity Pallet Cabinets Rolling Racks

5. What are my drop points? *(Circle the best answer)*

Dock-to-Dock Dock-to-Supermarket Dock to Point-of-Use

6. What are my locator systems for put away and picking? _____

7. Any other warehouse space constraints? _____

8. What type of VMI technology could help my operations? *(Circle all that apply)*

RFID Weighted Scales Android Smart Scanning Vending Machines Lockers

Important note: Do I have WiFi in my production areas? *(Circle one)* Y N

9. What are my upfront integration requirements (EDI, ASN)? For example: EDI (ASN 856, Invoicing810, Forecast830. PO creation and PO changes 855), email, FTP, and XML file exchanges

10. What are my network/internet requirements (including security)?

**These are just questions to get you started in your process. It is not an all-encompassing list but merely a jumping off point.*



**Ongoing demand
planning improves
storage, distribution
and usage at the
point of application.**

Vetting Solutions Providers

Launching a VMI program (or optimizing an existing one) requires a true partnership between your organization and supply partner. When considering possible providers, keep the top three criteria below in mind. Use the chart on [page 8](#) to help compare providers.

1

They're Experienced

First, look for a partner who has a successful track record of assessing, developing and implementing VMI solutions for similar organizations. Your choice should deeply understand your market and market demand for your products. They need to have a strong supply chain so they can respond in times of unforeseen demand or market volatility. They should show you **documented, proven results** helping other organizations in your industry.

2

They'll Customize

A good partner will start by gaining a deep understanding of your organization. They'll conduct a walk-through of your plants and warehouses. And they'll take the time to speak with everyone who can provide insights that would be helpful in building and implementing your program. This will ensure you're getting the right program for your needs rather than a recycled, cookie-cutter solution.

3

They're Looking Ahead

In addition to experience and customization capabilities, great VMI partners have a vision for the future and the ability to get you there. They'll seek ways to continuously improve your program and provide data to help you make smart decisions.

VMI is a true partnership and can offer you more supplier diversity, ensure on-time delivery and ways to continuously enhance your operations for cost savings and quality improvements.





**Timely and
actionable
reporting, program
reviews and
strategic account
planning elevates
visibility.**

Handy Dandy VMI Comparison Chart



Vendor Name	1	2	3	4	5
<p>Technology: Does the system use scanners, RFID embedded chips, weighted scale sensors, or something else?</p>					
<p>Integration: What kind of integration possibilities are there with your existing ERP and/or legacy systems?</p>					
<p>Communication: Does it notify you when orders are placed, provide advanced shipping/receiving notifications and seamless invoicing?</p>					
<p>Delivery: Does the partner pick, pack, label and deliver to your dock, market, area racks and/or point-of-use?</p>					
<p>Reporting: Does it provide reports for on-hand inventory, BOM profile, inventory turns, product consumption and other custom demand planning and KPI tracking?</p>					
<p>Service: Are there options for on-site associates to facilitate ordering, distribution, expirations, replenishment and planning, or 24x7 customer service support?</p>					
<p>Optimization: Does the partner audit all quality categories (SKUs, quantities, labels, safety and accessibility) to elevate efficiency?</p>					

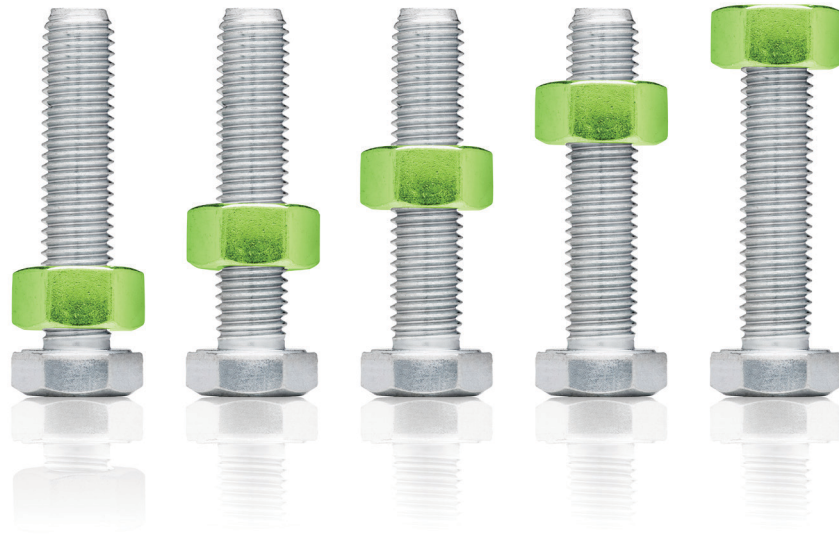
Measuring Success Checklist

Once you've put the right inventory management model in place, you'll want to measure your program activity against these six key performance indicators:



- 1. Fill Rate**
The rate at which the order is met in response to demand. It's not a static KPI, but instead a number that you'll want to monitor to better optimize your inventory and evaluate your suppliers.
- 2. Actual Usage**
The declining or rising use of a specific part—likely brought about by an engineering change to the product. Knowing actual usage can help you make decisions about which parts to discontinue ordering to free up space and reduce E&O.
- 3. On-Hand Inventory**
This indicates how many of which parts you currently have on-hand. Having a clear picture of your on-hand inventory will help you avoid unnecessary replenishment and re-stocking, which can incur unnecessary costs.
- 4. On-Time Delivery**
This is the frequency with which parts are delivered according to your program requirements. This can include customized options such as whole or partial order deliveries.
- 5. Labeling/Packing Compliance**
Clear labeling and packaging allow you to know 'what's in the bin' so you can quickly process, store and find items in warehouses and plants. An experienced VMI partner can help you by providing **custom labels for totes, boxes and racks based on your specifications.**
- 6. Reporting and Meetings**
A solid VMI program is supported by open communication and reporting that help identify areas for improvement. **Quality VMI partners** will provide quarterly business reviews where data is shared about parts fulfillment and utilization.

Your VMI partner can suggest additional solutions and technologies for optimization. Program customizations are endless—it's a matter of working with your partner to make data-driven decisions that deliver the results you need.



**More accurately
anticipate stock
levels required
and elevate your
supply chain
planning.**

Look for tech-enabled solutions that offer automated replenishment and real-time visibility into inventory levels to ensure production keeps up with demand. In selecting Optimas, you'll be partnering with an organization that deploys deeply knowledgeable experts in vendor managed inventory. Our specialists understand your business and how fasteners and supply chain solutions can maximize productivity and profitability.

LEARN MORE: <https://optimas.com/value-added-services/inventory-management/>

Really nice work here!



ABOUT OPTIMAS

Optimas is the leading global industrial distributor and service provider specializing in fastening and supply chain solutions for manufacturers seeking to improve efficiency and profitability. We take care of the details so you can focus on manufacturing cutting-edge products—giving you an unparalleled competitive edge.

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