



# BUSINESS BENEFITS OF OPTIMIZING INVENTORY OPERATIONS

PREPARED BY





# INTRODUCTION

Today, it is safe to accept the fact that most organization's struggle when it comes to breaking down the barriers of business silos. This mindset is an age-old challenge that does not appear unintentionally or by coincidence in supply chain management. Silos are often the result of leadership or management teams that are driving change against competing programs.

The primary step to overcoming this obstacle is to get every person across the whole company on the same page and affiliated around the same **Key Performance Indicators** (KPI's).

Failures can take on a variety of different looks and feels from departmental directives, historical practices within teams, or even technology-driven divisions within an organization. When it comes to inventory management, there are three ways for establishments to align and break down the silos.

From a **people** viewpoint, the big question manufacturers and distributors should be asking themselves is, *"how can we lower our company-wide inventory levels while delivering higher service fill rates for our customers?"*.

From a **process** perspective, if a company can line up around a mutual set of KPI's that focus on dropping inventory levels and improving service levels, then that is well on its way to breaking down the barriers within the supply chain.

From a **technology** standpoint, every person starting from the business owner to the finance director to the IT manager will see process improvements from implementing advanced inventory management tools.

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# BENEFITS OF INVENTORY OPTIMIZATION



## Business Leaders and Management

CEO's typically love happy customers. Happy customers are loyal customers. Loyal customers result in **long-term sales** for the business. Company heads and business owners can benefit from inventory optimization by refining overall service levels and filling rates of product delivery as they put their customers at the midpoint of their supply chain. Also, inventory optimization allows inventory managers to ensure that the right quantities of stock are always on hand when demand comes knocking.

## Financial Advisors and Managers

To any financial organizer, reducing costs and capitals tied up in the business is of chief importance. One way to swiftly realize better cash-flow is by plummeting excess inventory in the warehouse. Through smarter forecasting, development, and inventory redistribution best practices, reordering needs will reduce and **"bad inventory"** levels can be eliminated from the balance sheet.

## Information Technology (IT) and Systems Managers

By optimizing the inventory, companies can reduce IT dependency on legacy technology and seamlessly integrate with any **ERP system** to automate manual forecasting and planning practices. At the end of the day, the IT director looks like the champion for breaking down business silos across the entire supply chain.



## ABOUT SPENDEGE

SpendEdge shares your passion for driving sourcing and procurement excellence.

We act as a global strategic partner for leading Fortune 500 firms and other leading companies across industries. Our strength lies in delivering robust, real-time procurement market intelligence solutions that help sourcing and procurement professionals make informed decisions. Our innovative procurement solutions also help enterprises transform structural capabilities, improve execution efficiency, and fast-track time to savings.

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