

# Purchasing Powerpack

TRINITY

Solutions for Wholesale Distribution

## Who'd be a a buyer ?

**E**verybody loves sales. - Incentive trips to the sun for hitting 100%, rewards, bonuses and recognition are all part of that world. Business Intelligence is full of examples of the kinds of analysis and KPIs that help the sales team to understand customer needs and maximise sales opportunities. But what about that poor unsung hero.. the buyer? His dilemma is summed up in the words of one frustrated inventory controller.

*"Every time I place an order I feel I'm failing. You either order too much of.. well anything – and stock ends up sitting on shelves or pallets in the warehouse – costing money, obviously – or you don't order sufficient and have to re-order which is inefficient and also costs extra".*

Traditionally small and medium sized business have relied heavily on the knowledge and intuition of one or two experienced individuals – possibly backed up with key spreadsheets of often unproven value. Larger organisations may have invested in software solutions that bolt on to their ERP system. These can prove effective but may require significant initial consultancy and major investment in trained resources for ongoing success.

The challenges for the buyer in distribution have clearly increased in recent years. Let's take a look at three specific reasons .

### 1. Product range growth -

Consumers expect choice and vendors respond by coming up with more and more variants. Just think of the range available in your supermarket compared to ten years ago. For the buyer this means not only having to track ever larger SKU counts but also staying aware of the implications of re-branding and supersession.

### 2. Shift in manufacturing base.

Over the past twenty years there has been a huge shift toward overseas manufacture in particular to China. Prices are competitive but lead times are longer and the cost of processing and shipping the order has become a far more critical part of the equation. Mistakes are expensive and often impossible to rectify quickly.

### 3. Marketing and promotions.

Marketeers are constantly coming up with new ideas to generate surges of demand. The buyer's challenge is to be able to cater for those surges and then also to be able to recognise that activity as being a "one-off" when looking back through historical demand.

Trinity have been providing software solutions to distributors for over twenty-five years. For the last eight of those they have been not only one of the UK's leading Dynamics GP resellers but also a world leading ISV offering solutions for distribution.



## VACANCY

### Inventory Buyer

Qualifications Needed

**Ability to see into the future.**

**Ability to understand and act on marketing plans long before the marketing department have told you what they are.**

**Ability to translate salespeople's forecasts into viable reality in an instant.**

"We recognised an enormous opportunity to develop a solution that could radically improve the user experience for the buyer using Dynamics GP" states Trinity Partner Channel Manager Alan Williams. "Purchasing inventory effectively using out of the box GP has its limitations– particularly with high SKU counts.. What we have done is to look at the process that the buyer typically goes through, automate where possible and back that up with a wealth of decision support so that the buyer remains in control of the final order placement".

# The Trinity Approach to Inventory Replenishment

Trinity have applied their twenty-five years experience of implementing ERP systems in distribution businesses to come up with a solution that improves the life of the buyer and provides measurable economic and time benefits to the business. Industry standard algorithms are used to analyse and predict demand where this can be done to a useful degree of reliability. At the same time the buyer retains close control of the whole buying process by the application of stocking policies and easy to use information and analysis tools.

## Patterned vs Sporadic Demand

Not all items will be susceptible to reliable automated forecasting. Sporadic movers will remain difficult to predict whilst there may also be items where there is a

## Stocking policy management.

When assessing inventory levels and needs the inventory controller will tend to think in terms of time rather than quantity. e.g. "I need three weeks of this range on the

## Knowing when to look back and when to look forward.

In many businesses the most reliable predictor of future demand is what has happened in the past. This shows us trends, averages, seasonality. However there may also be situations where there is a need for more emphasis on sales forecasts. This may be where there are new items being promoted or where sales are heavily reliant on specific customer contracts. And of course for many items it's a combination of both ! \*

***"Our success is based on having the right quantity of the right inventory at the right cost. Trinity has helped us to achieve that"***

***Chadwell Supplies FL***

need for buffer stock in order to meet a strategic commitment to particular customers on availability of critical items. Trinity ABCDX analysis will quickly find fast and slow movers based on bin-trips at site level.

shelf. – When I go below that I will invest in another four weeks stock" Trinity allows you to set these policies quickly and easily by class, vendor etc and to review them regularly in the light of service levels and inventory investment.

## Industry Standard algorithms to automate and improve demand predictions.

Many buyers in small business rely on a single calculation e.g. rolling six month average as their "indicator". This ignores the fact that items behave differently from each other. Trinity AIR will try out fourteen industry standard algorithms and identify the one that, historically, has proven to be the most reliable predictor of demand. In this way It can automatically recognise seasonal, volatile and trending items.

## Access to detailed buying decision support

Whatever automation may be offered the buyer is still the final arbiter and needs easy access to supporting data. This includes

- Demand history – including lost and exceptional sales.

Item ...	Item Description	-6	-5	-4	-3	-2	-1	Current EPD	Forecast EPD	Calculation Method	Forecast Var.	W/M
X-135	Cordon Bleu Lime Ice Cream 1 litre	50	70	110	170	180	200	201	227	3PRD RA+TREND	12.94%	M
X-136	Cordon Bleu Tropical Ice Cream 1 litre	100	100	140	150	135	180	213	165	WSTD5	(22.54)%	M
X-137	Cordon Bleu Citrus Ice Cream 1 litre	168	108	258	38	238	308	198	186	6PRD RA	(6.06)%	M
X-138	Cordon Bleu Neapolitan Ice Cream 1 litre	70	120	180	140	240	380	295	315	WSTD5	6.78%	M
X-139	Cordon Bleu Vanilla Ice Cream 3 litre	30	70	160	50	110	160	164	107	3PRD RA	(34.76)%	M
X-140	Cordon Bleu Strawberry Ice Cream 3 litre	90	60	40	10	160	220	296	179	WSTD5	(39.53)%	M
X-141	Cordon Bleu Choc-Chip Ice Cream 3 litre	50	50	50	110	110	220	208	179	WSTD5	(13.94)%	M
X-145	Cordon Bleu Neapolitan Ice Cream 3 litre	60	30	50	40	50	60	60	55	WSTD5	(8.33)%	M

The Trinity Demand Review screen provides easy access to demand history with drill down to transaction level. There are views of lost and exceptional sales and a built-in automated routine to find the most reliable algorithm for predicting future demand. This information is combined with stocking policy to automatically update re-order point and order upto level.

- Vendor Prices- including history and future prices , plus access to rebate deals.
- Past performance by this vendor, accuracy and timeliness of deliveries.
- Residual inventory snapshot

safety-stock at time of receipt. Early warnings from these types of measure allow the buyer to review critical factors such as demand volatility and vendor lead-time reliability before they have a direct impact on customer service levels.

***“The extra cash created by intelligent inventory control was unexpected, and much needed for our start-up operations”*** Chadwell Supplies FL

views of inventory levels at point of receipt.

- Stock out alerts – Details of periods of non-availability resulting in lost sales.

**Knowledge of Results allowing regular refinement of model.**

And by knowledge of results we don't mean the salesman hollering because he just lost a sale. We mean regular reliable performance indicators that for example double-check residual inventory against

**Do it all inside Dynamics GP.**

We believe there are definite benefits to this approach. Users who are already comfortable using GP will quickly absorb this new product which is written entirely to Dynamics standards. And running the application inside GP means there is no data transfer to manage.

*\* some features described in this section relating to sales forecast management - are available in the next product release – due Q2 of 2008*

**Defining Demand**

Far too often the only demand information that the buyer has access to is sales history - useful without doubt but used on its own it can be misleading.

Were those dips in sales due to poor selling or to non-availability of inventory ? Failure to recognise lost sales as hidden demand can result in customer service levels spiralling downward.

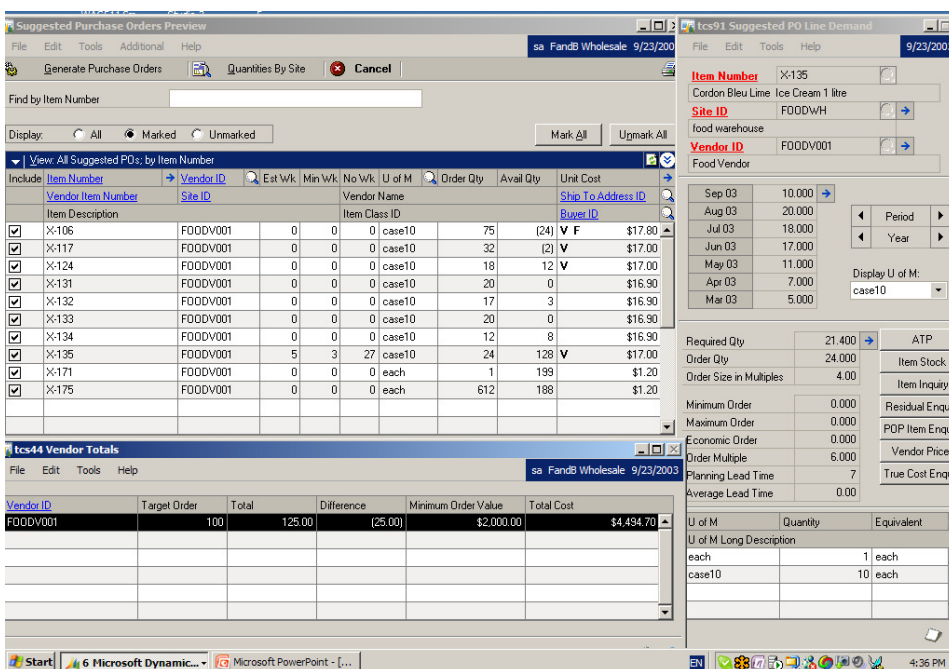
And what about those peaks ? maybe a seasonal factor, promotional activity or a one-off contract. You may have even have been selling off old stock at a cut-down price in order to “get-rid”.

And what about the future ? Historical Demand is fine for those items where past sales give a good indication of likely pattern of use but what about new items you are promoting or new sales

***“Failure to recognise lost sales as hidden demand can result in customer service levels spiralling downward”***

contracts which will alter demand patterns in the near future, You need a software solution that recognises and allows you to pull together all of these aspects.

Trinity allows you to record sales, lost sales and exceptional demand. You have the facility to recognise these events “after the fact” and annotate them so that this time next year you can still understand what caused those bumps and dips in demand.



The enhanced Purchase Order Generator offers unparalleled access to decision support for the buyer including, price alerts, order size tracking and drill down to purchase and demand history . Everything that can assist in making the best informed buying decisions

# TIME

Five ways you can save time with the Trinity Purchasing Powerpack.

- Vendor Groups enable the creation of buying diaries and help the buyer quickly identify purchase needs on a daily basis across a range of vendors.
- Electronic import of Vendor Price Lists means improved accuracy and no more price keying – and, of course, less errors at invoice matching time.
- Intelligent review of demand history and forecasts using industry standard formulae frees users up from the constant routine of reviewing reorder points.
- Single-click decision support at time of purchase order entry means never having to run separate reports or go searching for information in other menu options.
- Enhanced Purchase Order Generator enables simple input of all orders – Never key an item code again.

# MONEY

Five ways you can save money with the Trinity Purchasing Powerpack

- On-line vendor price lists allow easy vendor price comparisons, alerting the buyer to quantity break possibilities and allowing strategic buying ahead of imminent price changes.
- The introduction of the concept of “line-point” highlights items that are close to, but not below re-order point. This facilitates building a more balanced order.
- Intelligent analysis of demand history will highlight where buying has been over-cautious and allow reduction in inventory investment without hitting service levels.
- Order size monitoring ensures your balanced order also achieves optimum freight and shipping rates.
- Reduce purchasing costs by reducing need for emergency orders.

## The Trinity Purchasing Powerpack

comprises three modules

- Advanced Inventory Replenishment
- Purchase Retro Discounts (aka Vendor Rebates)
- Vendor Price Management.

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Email [partner@trinitycomputers.co.uk](mailto:partner@trinitycomputers.co.uk) to request a demonstration.

