



# **Inventory management in DTA – Distribution to Availability (raw and other materials warehouse)**

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Lybimy Kray, Russia**



## Evgeniy Yudin

Purchasing director of CJSC Lybimy Kray.

Evgeniy has been using TOC since 2011. TOC implementation focus areas are inventory management and mafia offer development.

Education:

- Saint-Petersburg Institute of Trade with major in Technology and Organization of Catering Companies.
- IMISP, Managers' re-training program.
- TOC areas:
  - Essence of production management solutions
  - Inventory management in distribution and retail



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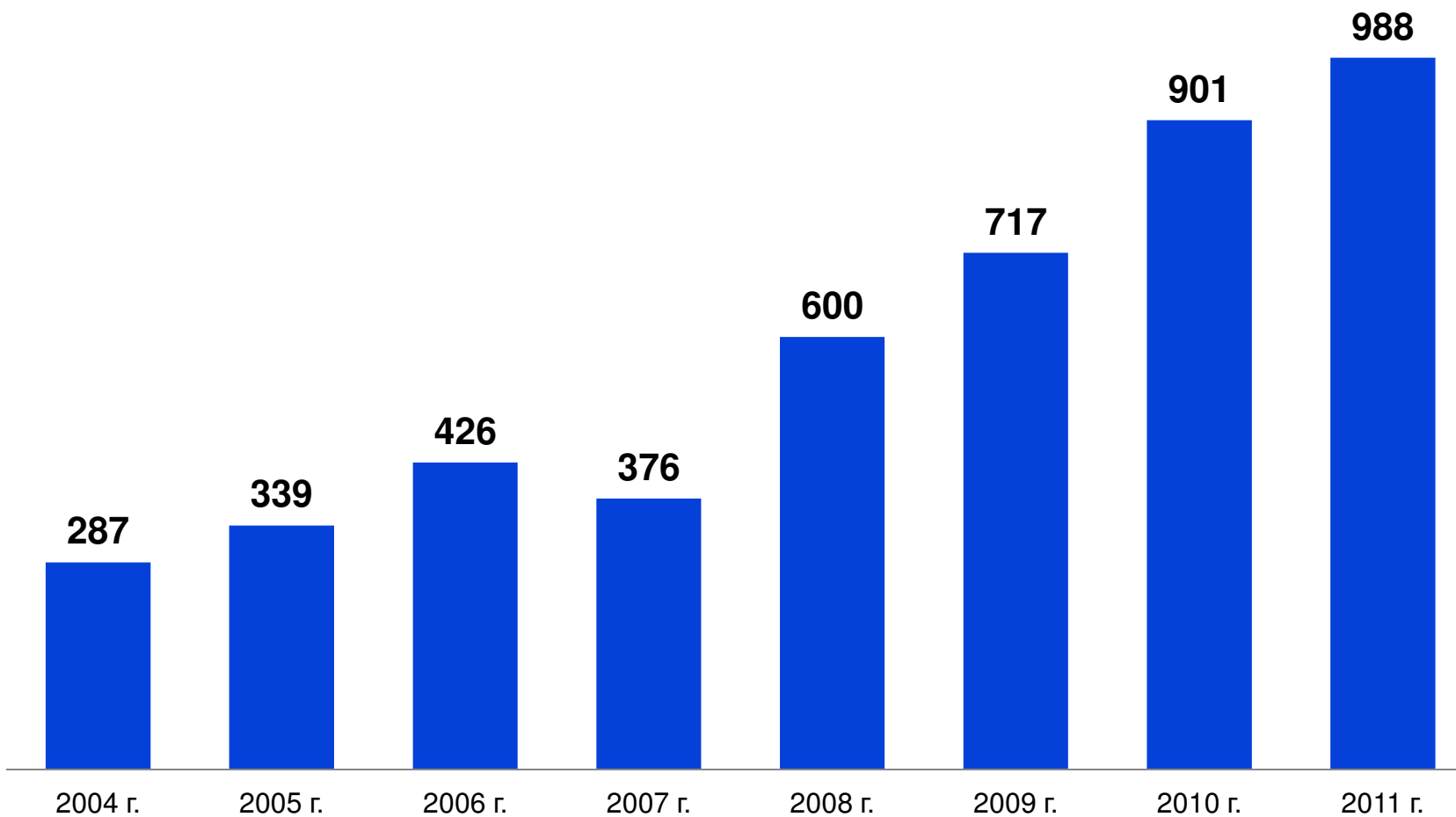
## CJSC Lybimy Kray

- Established in 1999
- The Company produces and distributes pastry products
- Brands
  - Posidelkino
  - Shtuchki
  - Orange Sun
- Employees – over 450 people





## Turnover, RUB mln.





## Distribution geography



**RF:** from Kalingrad to Yuzhno-Sakhalinsk

**CIS:** Moldova, Kazakhstan, Belarus, Azerbaijan,  
Turkmenistan, Armenia, Georgia, Tajikistan,  
Latvia, Estonia

**Plus:** Germany, America, Greece, Israel, UAE



## Constraint



- Market
- Products best before - 4-6 months
- Maximum shipment date vs. production date – 2-3 weeks

### Typical UDEs of the production environment:

- Inventory shortage - no
- Inventory obsolescence - no
- Inventory turnover – not satisfactory



## TOC way inventory management



- Implementation started in May 2012 (inventory management algorithm according to CBM was incorporated into corporate information system called Perfect )
- Inception phase objectives:
  - not to reduce inventory, and in case of production intensification, maintain inventory on the same level;
  - learn TOC tools;
- Next phase objective:
  - reduce inventory;



## Current Reality



- Production planning horizon is smaller vs. replenishment time for core raw materials;
- Replenishment time for different types of raw materials and packaging – from 2 to 35 days;
- There are raw materials, minimum delivery batch of which exceeds monthly need;
- Key attested suppliers do not ship raw materials on week-ends;
- Turnover time for raw and other materials - 19 days on average;



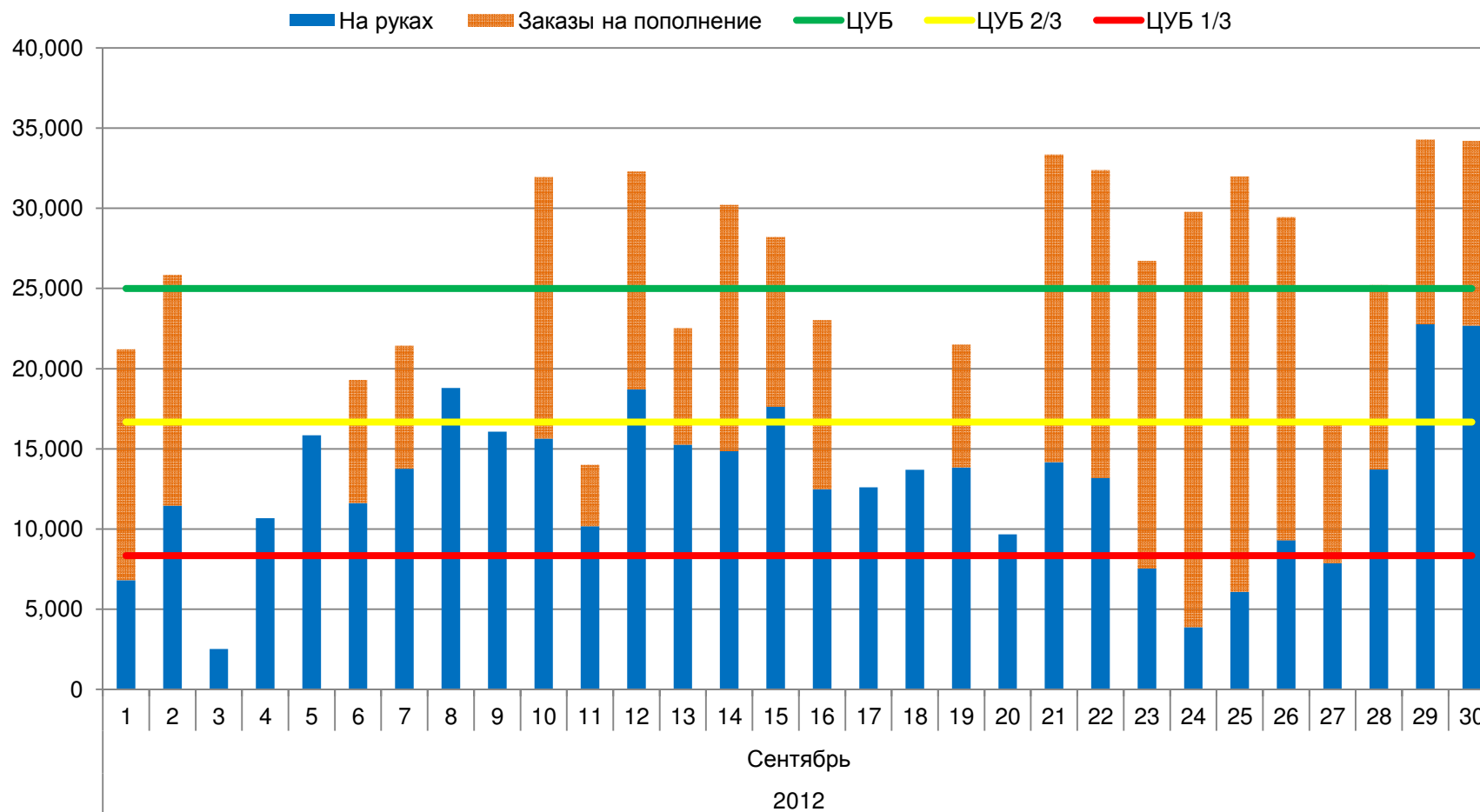
# Perfect Corporate Information System

YYYY-MM-DD	2			Print date: 16.11.2012 15:25			
						Production	
		CBM	Order batch	On hand	Orders	Night	Tomorrow
<b>Packaging</b>							
box Бурый /380*380*225/, pcs	И	2 160	520	3 008	0	782	0
box "Lucky Days" /390*250*200/, pcs	Ж	1 920	960	1 159	1 260	0	1 721
box "Оранжевое Солнце", pcs	Ж	6 000	960	3 524	0	1 084	192
box "OC" small 256x193x149, pcs	3	1 200	1 200	864	2 800	224	112
box "Пряники" /392*392*171, pcs	Ж	5 280	440	2 477	4 900	0	1 923
box "Три Марки", pcs	3	25 000	960	18 227	0	2 262	271
Europallet 1200x800 mm, pcs	И	30	0	35	0	0	0
Glue PVS, kg (mat.)	Ж	160	170	76	170	8	6
compartment inserts KC-02, 450 mcm, pcs	3	300 000	0	218 980	150 000	22 770	0
compartment insert, KC-4 "Americaner", pcs	К	600	0	190	0	0	0



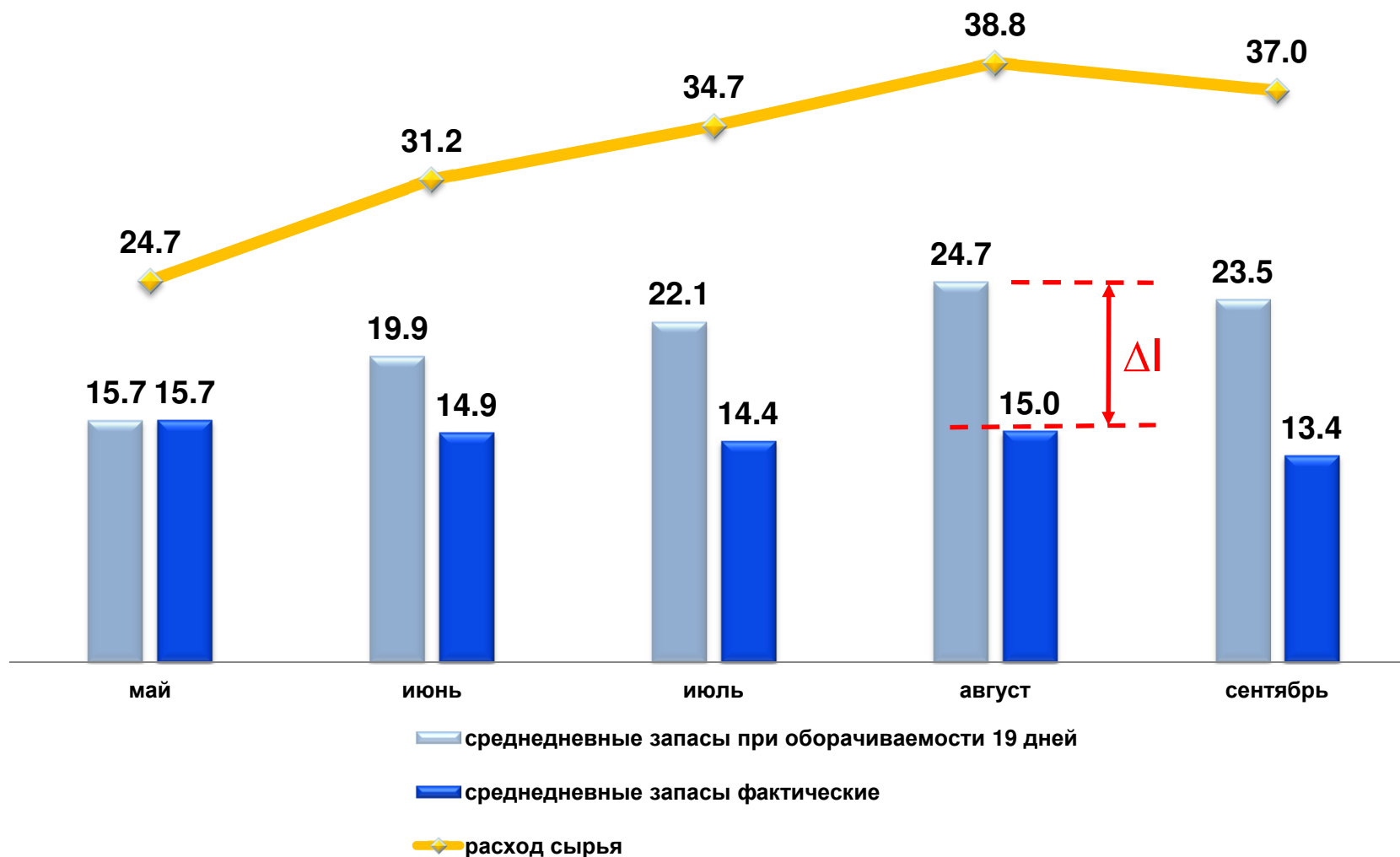
# Perfect Corporate Information System

г/я "Три Марки", штуки





## Inventory, RUB mln.





## **Conclusion**



- TOC inventory management according to DBM works;
- Disseminate the experience across the flow of goods: upstream – to the RM suppliers, downstream – to production and distributors;