

www.tocpractice.com



Fourth International TOCPA Conference
9-10 February, 2013, Tallinn, Estonia



Let's move to success

Lina Kvietkauskaitė



Lina Kvietkauskaite

Lina is a long standing sales professional recently focusing on expansion of UAB Aurika activities in Scandinavian countries.

In search of competitive advantages of the company Lina was the developer of Aurika's customer stock management service based on StockM© inventory management system.



Lina.Kvietkauskaite@aurika.lt

www.aurika.lt

+370 614 79572



Who we are?

- Producer of labels and packaging
- Modern and reliable partner
- 257 employees
- Annual sales 20 mln. EUR
- More than 1500 customers in Lithuania and abroad
- 2600 orders a months in average.



Why inventory management?

- Shortage in the warehouse – lost sales
- Surplus in the warehouse – elimination of illiquid, frozen cash
- Costs of purchase management
- Human factor:
 - “I think that...”
 - „Needed it yesterday!!“



What kind of inventory management?

- Principal attitude: inventory should be managed by technology
- Technology should serve people:
 - clear, simple, user friendly
 - specialized by functions





The solution: StockM DBM What's next?



- Fear and lack of confidence
- 9 months pilot:
 - Does it work?
 - How does it work?
 - What results?
- Introduction of service for the customers



Why for the customers??



- Packaging is cheap...
Packaging is cheap??
- Big order = small price:
 - Surplus in the warehouse-
elimination of illiquid
 - Loss of flexibility
 - Bad cash flow
- Small orders = shortage:
 - “Fires”- lost sales
 - Increased costs of purchase
management
- Unreliability of forecasts



Increase impossible decrease





Customer inventory management based on StockM DBM (Dynamic Buffer Management) principle





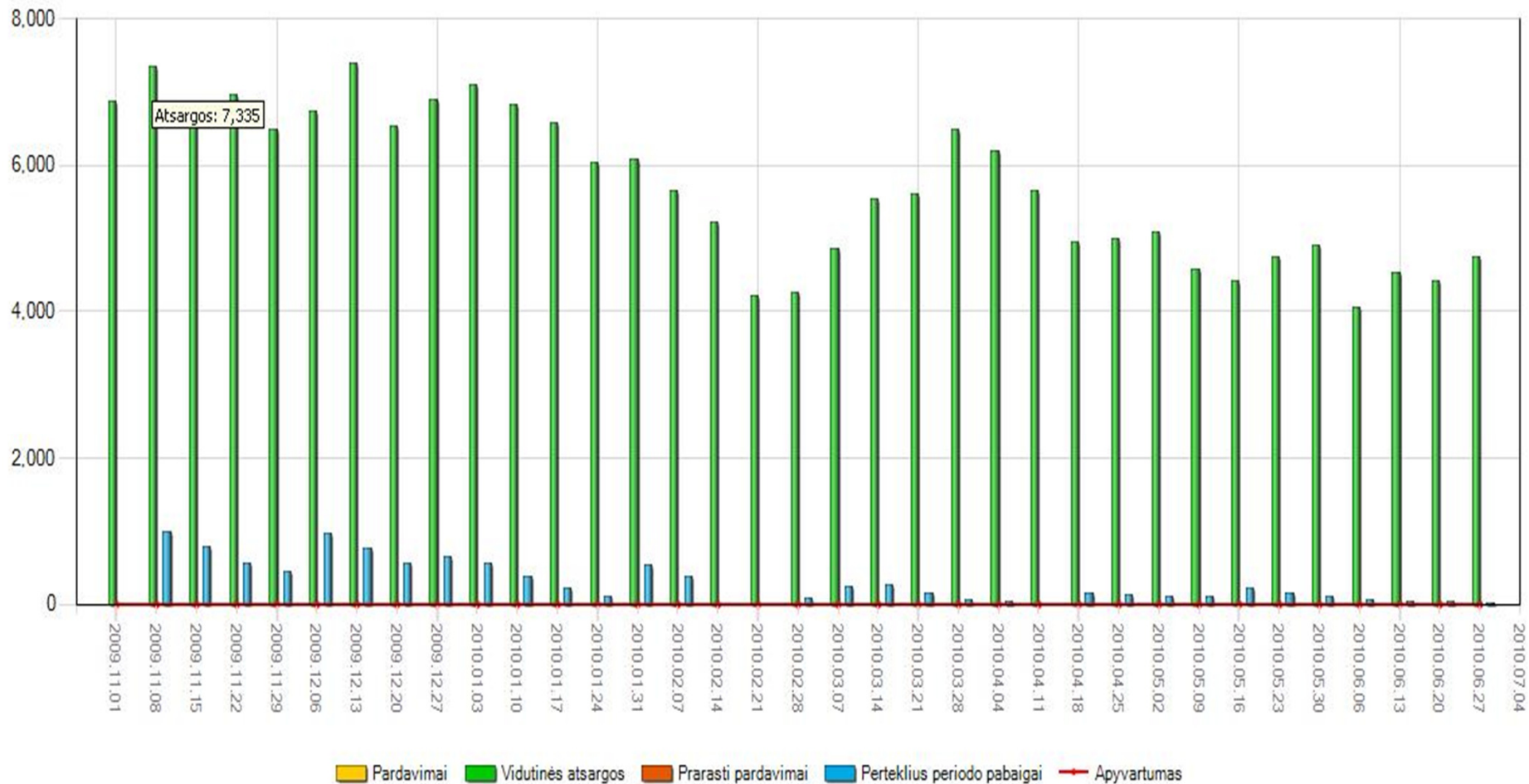
Reaction



- “Oh, no no...”
- “Sounds interesting but it won’t work in our case”
- “I have doubts but let’s try”
- Preparation
- Pilot project
- Discussion of results and development



Case study: expectations and results



Sales – Average inventory – Lost sales – Surplus - Turnarounds



Case study: expectations and results

- Lower storage costs – amount of labels decreased by 48%
- Better cash flow – inventory decreased by 37%
- Low/stable purchase management costs – 46 orders without/minimum involvement of customer
- Required items at the right time - 0 shortages or fires during the term
- Better planning of packaging expenses – fixed price





Smart warehouse: what did we want to achieve?

- Manage and optimize inventory flow at the customer's warehouse with no load to customers accounting system and no changes in it.
- Optimize our production process, improve production planning and inventory control.
- **Do not load customer with additional work, share data from our accounting system about supplied items.**



Challenge: inaccurate accounting of balances



How to get data about balances if customer updates stock data in their IT systems only once a month?



RFID “shop” technology

It was created using passive observation of merchandise balance methodology.



This methodology was launched in Germany in 2004. They launched a “Smart shop” that allowed a customer to pay for goods using e-money in special card. Customer didn’t need to pull out pocket.



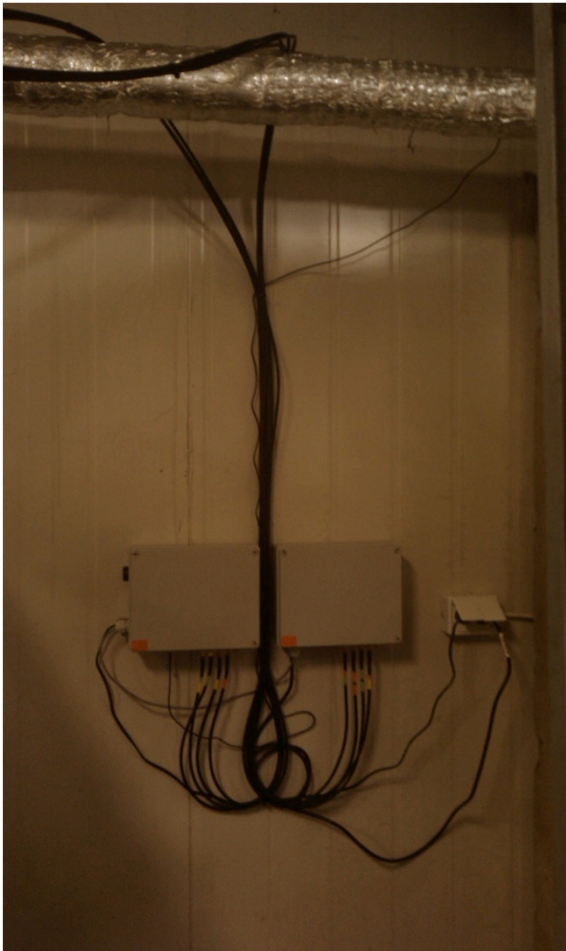
RFID “shop” technology



All items in the shop were marked with RFID (Radio-Frequency Identification) labels. When customer filled the cart and passed the payment/scanning point the system charged appropriate bill from the e-card. At the same time “smart shop” system showed the shop employees which goods should be replenished.



RFID – we invest in our customer





RFID in Aurika

While implementing “Smart shop” idea and adopt it for our specific service (called “Smart stock”) we involved Autepra, an experienced RFID implementation company, and StockM, that analyzes traffic of labels and packaging and automatically creates new orders.

For “Smart Stock” service Aurika was awarded as the most “Innovative company” in the “Prize of Innovation” competition in 2010, organized by Lithuanian Innovation Center and Lithuanian Confederation of Industrialists.



Everything happens in one single screen, one history

STOCK-M Aurika

Programa Redagavimas **Buferiai** Atsargos Užsakymai Ataskaitos Sisteminiai įspėjimai

Šiandien X

Vartotojas: Visi vartotojai

- ✓ Visos kortelės sutvarkytos
- ✓ Visi buferiai padidinti
- ✓ Visi buferiai sumažinti
- ✓ Duomenys OK. Galite dirbti
- ✓ Visi užsakymai sutvarkyti
- ✗ Vėluoja užsakymai. Įrašykite priežastis (1)
- ✓ Visi užsakymai išsisiuntę sėkmingai

TOP prekės

■ Praradimai ■ Rizikinga zona ■ Optimali zona ■ Saugi zona ■ Perteklius

Naujos prekės

■ Praradimai ■ Rizikinga zona ■ Optimali zona ■ Saugi zona ■ Perteklius

Visas perteklius, LTL
75.8%

MTS perteklius, LTL
16.0%

Prarasti pardavimai, LTL
1.1%

Užsakymai šiandien

■ Anuliuotos eilutės
■ Neišsiųstos eilutės
■ Išsiųsta su pakeistais kiekiais
■ Išsiųsta pagal sistemą

Apyvartumas
27 d.

Prašome ištaisyti sistemos pastebėtas klaidas. Pasibaigus laikui informuosime jūsų vadovą (16:00), kad paskirtų jums pagalbą.

04:57:28

Aurika Gediminas Alksnys ● BUF ● DAT ● ZRB 2.0.30.1073 © 2008-2012 Verslumo tiltas

www.tocpractice.com



Fourth International TOCPA Conference 9-10 February, 2013, Tallinn, Estonia



Best regards!!!



Theory Of Constraints Practitioners Alliance • TOCPA