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ECLIPS, UP TO 30% STOCK REDUCTION ACHIEVABLE

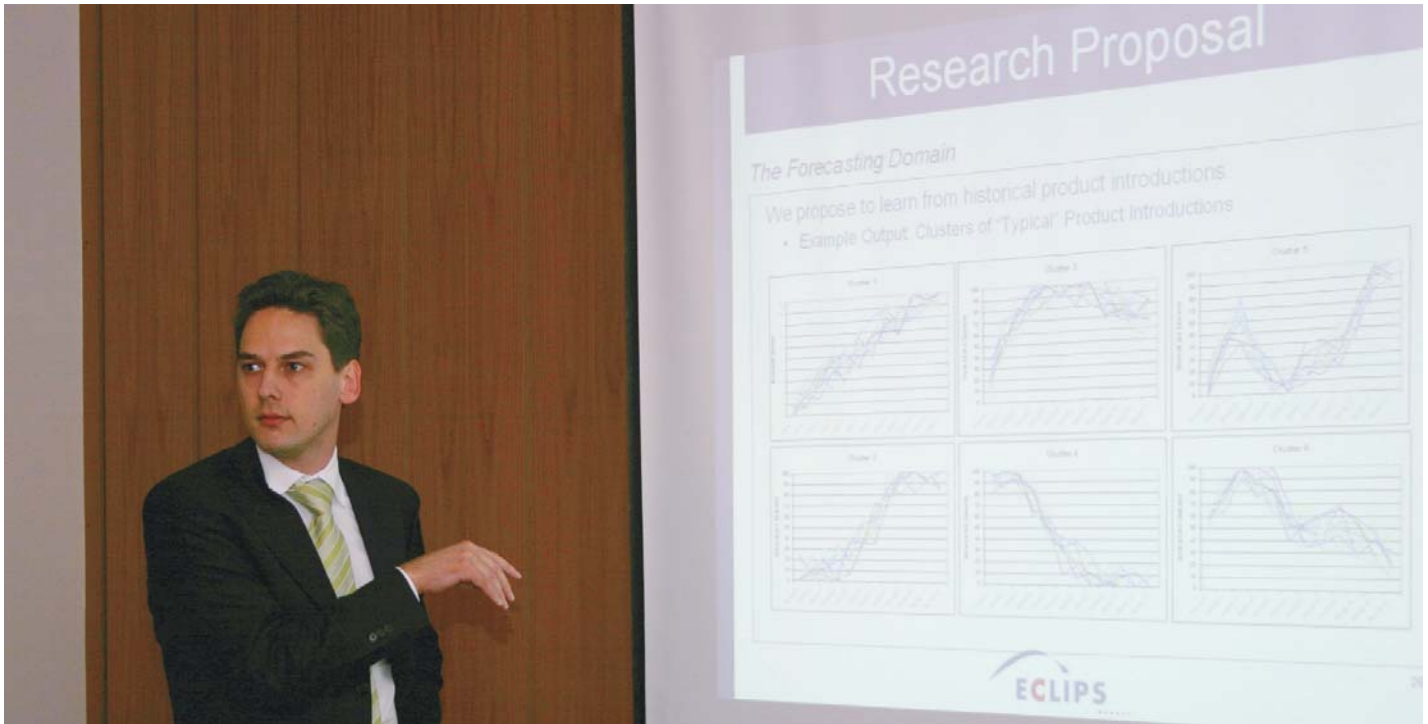
The Eclips project was launched in 2006 under the management of the consultancy bureau, MÖBIUS. The goal was to improve demand forecasting for products in the introduction phase and those at the end of the life cycle. The second part of the Eclips project focuses on the potential for reducing inventory. Manufacturers, Van de Velde and Huntsman were put under the microscope.

Van de Velde is a Belgian producer of luxury lingerie products, Huntsman Advanced Materials is a supplier of synthetic polymer products. What prompted Van de Velde to take part in the Eclips project? Hedwig Schockaert: "We have already organised our business activities as efficiently as possible but according to the Eclips research, a lot more should be possible. We work with an ERP from Lawson, adapted to fashion companies and we use a demand planning and forecasting solution from A3 Forecast Solutions. Unfortunately, however, we cannot use them at retail level for the period before orders start to come in. We hope to take steps in this area via this research and with the software solutions to follow from it."

More complex

Eclips was initiated because of the growing complexity of various supply chains as a result of extensive globalisation, something which has also resulted in a general increase in inventory. According to MÖBIUS, there are more opportunities for improvement than are currently being exploited. The project therefore has the following two ambitions: 'the integration and synchronisation of multiple steps in the supply chain' and 'supply chain stock reduction by 30%'.

Tests were designed to assess whether stock reduction was achievable in the two manufacturers on the basis of a developed software tool. For lingerie producer, Van de Velde, it does not appear to be that simple. The company prefers to produce just once, months before the start of the season. Naturally, the company's goal is to have sold all items by the end of the season. Hedwig Schockaert: "When introducing a new product, however, there is precious little information available with which to predict demand. The number of items we produce is too highly dependent on the gut feeling of our sales people." That gut feeling, however, is what determines the quantities of raw materials purchased and production planning. We wondered whether we couldn't better assess whether or not a certain product, colour or style would be successful and purchase accordingly. By means of early clustering of various products, colours, types, etc., we have attempted to respond better to future demand. In the case of Van de Velde, we succeeded in clustering some product specifications and in so doing, to discover certain trends. "We have been able to respond better to demand. However, we have not yet been able to reduce our stock."



Bram Desmet de MÖBIUS : « There is a danger that the different business components are working against each other. »

Cadence

In the case of Huntsman, a company with a chain consisting of four factories and three warehouses for European distribution, there is a danger, according to Bram Desmet from MÖBIUS, of different business components working against each other. Making clusters was easier for Huntsman than for Van de Velde. Huntsman produces more regularly than Van de Velde and there is a more even cadence in the process of purchasing raw materials and the production process itself. With the result that harder benefits can be achieved. A saving of 25% on the stock of fast-movers is achievable, as is one of 3%. In phase three of the Eclips project, we will have to see in practice whether even harder benefits can be achieved. Desmet: "We even expect that the 'soft' benefits could affect a total stock reduction of over 30%."

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