

hawkeye planner



## YOUR STOCK MOVEMENTS ARE EATING UP DAYS!

Almost all large manufacturers and distributor have stocking locations around the globe. Customers need immediate service, so inventory must be located close by. However, the sources of product are invariably be further away from the customer. Stock movements are necessary to bring the product from the source to the distribution centers. But what few people realize is that these stock movements are eating up days and wasting money.

Each stock transfer goes through a number of steps. A truckload of product is staged, loaded, transported, unloaded, and recorded in the system. Within each of these steps, there is the potential for delay: whether it is minutes, hours, or even days. For a vessel container, there are even more steps: loading and unloading, dray moves, customs inspections, multiple port stops. Between the theoretical transit time and the actual elapsed time, and there can be a huge difference.

Are missing days a big deal? They can mean huge performance losses for a supply chain. One large multinational estimated that from 30 to 70% of their intransit time was due to waiting time rather than movement. Service issues can often be linked back to delays in movements. For experienced supply chain operators, the delays are usually compensated by additional inventory at each stock-holding location. To compound this, additional assets are continuously tied up in intransit inventory. In some cases, companies may unknowingly be holding an extra week's worth of inventory just due to movement delays.

How does one know if your movements are eating up days? Actually, it is quite easy to find out. First, ask your supply chain team how long it takes to get from point A to point B. If they give an answer in weeks and not days, then you are definitely having some issues. People should think in days, or even hours, when describing stock movements. Second, ask for the time it takes to move and handle the product compared to the total average time of a movement. If the difference is more than a day or two (depending on the mode), then there is probably an opportunity to improve.

Fortunately for us, it is possible to reduce wasted days through a bit of discipline and focus. Tracking actual delivery durations is probably the simplest way to start. With a review from the previous year, one can quickly see wasted days. After that, a manager should ask for a breakdown all the steps from loading to receipt. Note that

receipt truly occurs when the inventory is recorded in the system and thus is available to a customer. Your team must give specific times for each step. Then, each step should have an estimated time. Finally, each step in the process can be measured to identify the failure mode.

Clearly, this sounds easier said than done. Multiple parties and third party logistics providers (3PLs) make it difficult to track multiple steps and handoffs. Some variation in any process is natural, so noise should not be mistaken for a problem. Also, not all steps are within a company's control. Still, the goal of reducing wasted days in stock movements can be rewarding to the bottom line.