

# EVALUATING THE REAL COST OF INVENTORY



In today's supply chains, it's easy for a company's inventory to be caught up as work in process. Cash-to-cash cycle times from procurement of supplies until payment can run up to several months, leaving you to pay for goods that have not been sold yet.

Companies must rethink their inventory strategy by keeping a holistic view of their full product, and customer portfolio. Inventory optimization allows you to build a digital supply chain model, and to determine optimal inventory and buying strategies, based on evaluating different scenarios, comparing their outcome in finding your optimal direction before implementing in real-life.

What if you could control safety stock at all stages and in each of your locations to reduce your inventory carrying cost? A difficult exercise, one might assume. However, with the right tools and partners in place, this does not need to pose an impossible goal.

Finding a good balance of cost and service, making sure you have the right levels, and just the right stock in exactly the places you need at the perfect time, will help you free up working capital that's trapped in dead or excess inventory.

## So what are the considerations do you need to take?

- **Define AS-IS analysis:** Thorough understanding of what products are where, how much inventory, and it is related in each of your warehousing locations.
- **Set TO-BE goals:** Determine your future inventory strategy, and where to stock which SKU's.
- **Evaluate different WHAT-IF scenario's.**
- Implement tools to evolve from decentralized planning to **centralized holistic planning.**
- Put into practice **multi-echelon inventory optimization (MEIO)** and understand exactly how much safety stock you will need.

## What is the desired outcome you can expect:

- Full visibility on current stock levels and order patterns.
- Considerable decrease in total inventory cost, balancing ordering and holding costs.
- A flexible tool, helping you to tweak crucial inventory parameters.
- Improvements in cash flow and liquidity.



Would you not like to optimize your entire supply chain, and have just the right insights to re-enforce strategic decisions within your company?

<https://www.ahlers.com/en/data-analytics>

"DID YOU KNOW THAT A FOCUS ON CASH AND INVENTORY MANAGEMENT IS ONE OF THE TOP 5 CHALLENGES IN TODAY'S GLOBAL SUPPLY CHAINS."

Miguel Van Asch  
Head of Data Analytics  
Ahlers



## PROFILE

### About Ahlers - [www.ahlers.com/en](http://www.ahlers.com/en)

Founded in 1909 in the Port of Antwerp, Ahlers currently employs over 650 members of staff and operates in 3 regions (Europe, CIS, Asia) helping customers to drive future growth in complex markets, Ahlers is a family-owned company, 3rd generation Ahlers-Leysen, headquartered in Antwerp, Belgium, supported by a worldwide partner network and offices in key locations. We enable our customers to stay focused on their core business by creating and managing innovative solutions that add value and solve their supply chain challenges in complex markets.