



## Vendor Managed Inventory Allows Plumbing Suppliers to Rebound Drastically Faster Than the Industry Average!

**Industry Forecast:** Signs that the economy has improved and is continuing to improve are apparent across a number of industries. In fact, The Joint Center for Housing Studies is reporting that home owner improvement spending is expected to be up at a double digit pace at an annual rate through the first half of 2011 in their latest Leading Indicator of Remolding Activity (LIRA) report. We believe that all companies will be seeing this benefit in the months ahead but suppliers using Vendor Managed Inventory (VMI) are seeing results earlier than those who are not using VMI.

The American Supply Association's (ASA) recent Intelligence Report has shown that member suppliers are reporting a slim year-to-date sales increase. Using the information in this report we decided to compare the numbers with actual results for suppliers and wholesalers using Datalliance VMI, the numbers prove that companies with VMI programs are significantly outperforming the ASA member base as a whole.

**The VMI Results:** In year-over-year comparisons, wholesalers using supplier VMI programs have seen the following for VMI-managed products:

- **Sales growth of 17.3 percent**
- **Inventory turns increase of 10.8 percent**

Datalliance VMI suppliers **in-stock percentage improved** during that time period for VMI-managed products. The number of SKUs under VMI management also increased during that period – probably indicating expanding supplier-wholesaler relationships that represent **increased market share for VMI suppliers**.

The graph below shows how VMI users compare to the ASA member base. The results show the value of VMI in terms of closer supplier-wholesaler collaboration on both sales and inventory management.

### 2010 Results Comparison:

	VMI	ASA	Winner
<b>Sales</b>	↑ 17.3%	↑ 1.0%	VMI
<b>Turns</b>	↑ 10.8%	↑ 1.0%	VMI
<b>In-Stock</b>	↑ 9.8%	N/A	N/A
<b>SKU's Managed</b>	↑ 14.1%	N/A	N/A

\* Data taken from the ASA Market Intelligence Report published October. Note that the report published an average 1.0% increase in sales with roughly unchanged inventory levels. That was extrapolated to a 1.0% increase in turns for purposes of comparison.

**As wholesaler, are you taking full advantage of supplier VMI programs?**

**As a supplier, are you experiencing the financial VMI benefits with your key wholesalers?**

