

## **Customer Care Tip – Winter 2007 – Two New Alerts Announced**

### **Alert! Excess Pre-Days Supply and Item Not Sold In Recent History**

As of September 2006, the Datalliance® system had 24 unique alerts that could be selectively configured at the Distributor level such that VMI order reviews can be an exception-based process. Datalliance is always looking for ways in which to make the ordering process more exception driven while making increasingly better replenishment decisions at the item level. With this in mind, we would like to introduce you to two new alerts: Excess Pre-Days Supply and Item Not Sold In Recent History.

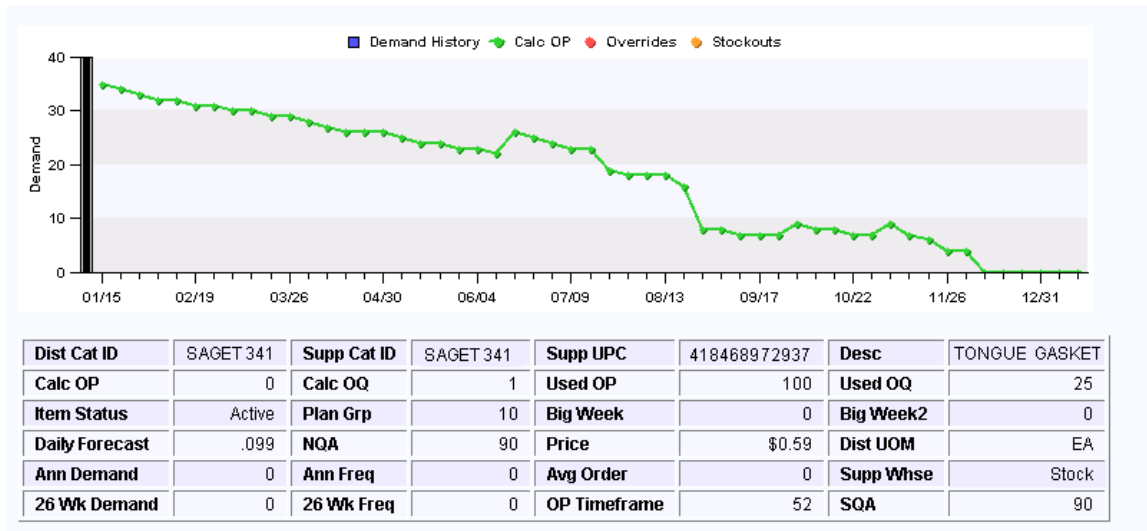
#### ***Excess Pre-Days Supply***

The first of these alerts, 'Excess Pre-Days Supply', you may have already seen as it was introduced with the September 2006 release and automatically configured for all Supplier/Distributor combinations with the start of the New Year. This alert is intended to assist the Planner in making better replenishment decisions for items suggested for order that appear to already have sufficient supply available for sale based on the item's current daily forecast. This alert only applies to Active items where sufficient history exists such that the system is ready to rely on the daily forecast and replenishment calculations.

So how many days represents a sufficient supply of inventory? The default for this alert is set to 45 days; however, the Planner can change this value on a per Location basis. To do this, use the Select Location link under Configuration and choose the Location for which you wish to modify this value. Click on the Alerts link on the left hand side of the screen to bring you to the Location Alert Variables. Under Item Alert Variables, you will see a label of 'Excess Pre Days Supply' with a corresponding data entry box to its right. Simply enter the number of days supply above which you want this alert to be triggered. The number of days supply that is currently on the shelf can be seen on the PO Worksheet Details page by selecting 'Pre Days Supply' from the View list. We would encourage each Planner to ensure that this column is added to your default set of View fields.

So why would this alert ever be tripped and why should you care? The most common reason for an item to be suggested for order when it has what historical demand would indicate is sufficient inventory is that the Distributor or Planner has set an OP Override (Distributor, Planner, or Minimum) which is being used to drive replenishment and may be unreasonable based on actual demand. This alert might also be tripped, however, in cases where the calculated order point is being influenced by older demand history and the forecast is falling faster than the Calculated Order Point. In either case, the Planner

should review the details for the item and make a decision as to whether or not the item should be placed on order or removed from the order. Let's look at a good example of an item that would have this alert.



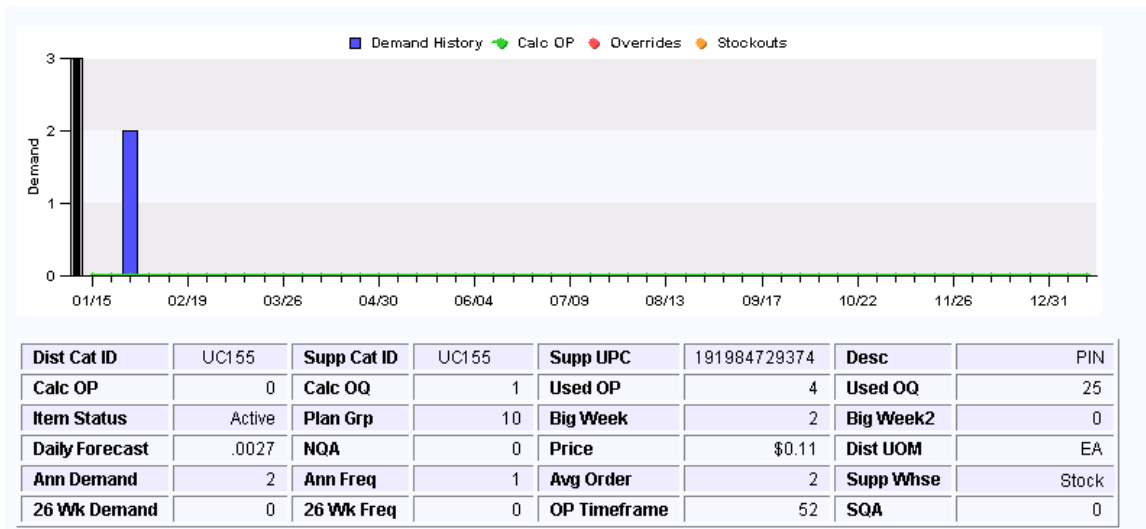
You can see that the demand for this item has dropped off over the past year and none of the demand that contributed to the calculated order points over the last year is even visible any more. In fact, there has been no demand in the last 52 week period, causing the item to now fall into Planning Group (PG) 10 with a resulting Calc OP value of zero. For this Location, the system is configured to defer to the Distributor's Order Point for active items that fall into PG 10...which in this case is 100. The location has 90 pieces on the shelf, which would seem unwarranted given recent demand, yet more is being suggested for order given the Distributor's Order Point of 100.

It would appear that this is a prime example of an item where you, the Planner, would want to remove the item from the order and contact the Distributor to discuss changing their order point or the status of the item to back order replenish only (i.e. 'D'). Of course, we encourage you to add appropriate comments when you remove the item from the order. For example, 'No demand in last 52 weeks, PG10/A item defers to Dist OP of 100 that appears unwarranted. The 90 on hand is over 900 days supply <initials>.'. Should you choose to remove the item and launch the order without discussion with the Distributor, be sure to run the 'Post Launch Summary – Items Added/Removed' Distributor level e-mail report and send the results to the Distributor so they will know to 'fix' the issue.

### Item Not Sold in Recent History

'Item Not Sold In Recent History', is a new alert that will be available after the release date on January 24<sup>th</sup>. This alert is intended to assist the Planner in making better replenishment decisions for active items suggested for orders that have sufficient history, yet have not been sold in the most recent portion of the planning period and are not being suggested for order due to a negative NQA value, such as a customer back order. For this alert, the most recent planning period is set to the last 26 weeks for a 52 week planning period and the last 17 weeks if a 26 week planning period is being used.

The Planner should review the details for the item and make a decision as to whether or not the item should be removed from the order. If removed from the order, the Planner should include appropriate comments as well as contacting the Distributor to ensure that this item is not continuously suggested for order. Let's look at a good example of an item that would have this new alert:



This item has not experienced any demand in the most recent portion of the planning period and is currently being suggested for order (NQA of 0 < Used OP of 4). The Used OP of 4 is actually the Distributor's Order Point as it is an Active PG 10 item and the Location is configured to defer to the Distributor's Order Point for such items. Looking at PA history for this item, we would find that the last Product Activity transaction received reported that the Location had just transferred out the four that had been sitting on the shelf for almost a year. As this could be the Location finally being able to 'dump' non-selling inventory, the Planner should contact the Distributor to see if a Dist OP of 4 is really warranted or if they are getting rid of excess inventory and no longer wish to stock the item. If they do not wish to stock this item, the Distributor should change the status

to 'D' and report via the next Product Activity transaction or the Planner can set an item status override so that the item will only be replenished if a customer back order is received. If no action is taken on this item, the item will continue to be suggested for order, and you, the Planner, will be forced to continue to manually remove it from orders if the Distributor tells you that they do not wish to stock the part.

As always, if you have any questions at all, please call the toll free Customer Care Line - (888) 364-3361.

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