

INVENTORY CHAMPIONS



A Podcast for Wholesale & Retail Inventory Heroes

Tracy Coon
The Teacher



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The Voice



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Challenge Every Executive & Inventory Professional
to Deeper Financial Results





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Seven Moves to Boost the **Inventory IQ** of the Organization

EPI SODE 1



**Every Leader,
Every Inventory Professional,
Every Team Member**



1

Selling
Generates
Revenue

Buying^{*right*}
Generates
Profit

2

The Income Statement



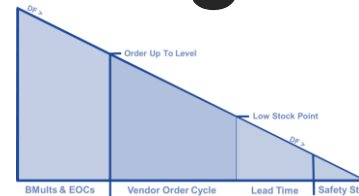
INVENTORY SECTORS

| | | | | |
|------------|--------------|--------------|--------------|---------------|
| TOP 200 | SLOW | NEW | IMPORT | PRIVATE LABEL |
| NET INCOME | NET INCOME | NET INCOME | NET INCOME | NET INCOME |
| 5.3% | -1.5% | 2.2% | 4.7% | 5.8% |
| SEASONAL | NON-SEASONAL | HIGH BM DAYS | HIGH DEM DEV | PROMO |
| NET INCOME | NET INCOME | NET INCOME | NET INCOME | NET INCOME |
| 3.8% | 2.2% | 1.1% | 2.3% | 2.5% |

| | | |
|------------------------|-------------------------|-------------------------|
| ANNL REVENUE 1,000M | - ANNL COGS 720M | AVG PURCH PRICE \$54 |
| - COGS 72% | AVG ITEM MARGIN \$21 | AVG SALES PRICE \$75 |
| = GROSS PROFIT 28% | = GROSS PROFIT 280M | |
| - INV OPER % 1.5% | - INV OPER 15.0M | CARRYING 10M |
| - GEN OPER % 23% | - GEN OPER 230M | ACQUISITION 5.0M |
| = NET PROFIT 3.5% | = NET PROFIT 35.0M | |

7 Steps of Buying

1. Demand Forecasting
2. Lead Time Forecasting
3. Order Cycle Analysis
4. Service Level Management
5. Replenishment
6. Special Order Opportunities
7. Order Validity Analysis



4

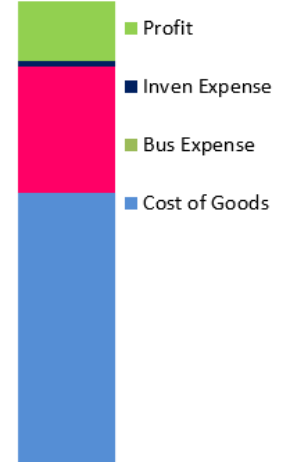
Forward Buying: Value of a Deal

ITEM PROFITABILITY PERFORMANCE

| AnnL Demand | Item Cost | Carry Cost | Acquisition Cost | Item Sales Price |
|-------------|-----------|------------|------------------|------------------|
| 5200 | \$ 5.00 | 20% | \$ 2.00 | \$ 7.00 |

| Order Cycle | ORD QTY | CarryCost (20%) | OrderCost (\$2.00) | Total Cost |
|-------------|---------|-----------------|--------------------|------------|
| 1 | 14.2 | \$ 106.8 | \$ 730 | \$ 837 |
| 3 | 42.7 | \$ 121.1 | \$ 243 | \$ 364 |
| 4 | 57.0 | \$ 128.2 | \$ 183 | \$ 311 |
| 5 | 71.2 | \$ 135.3 | \$ 146 | \$ 281 |
| 7 | 99.7 | \$ 149.6 | \$ 104 | \$ 254 |
| | | | | |
| 14 | 199.5 | \$ 199.5 | \$ 52 | \$ 252 |
| 30 | 427.4 | \$ 313.4 | \$ 24 | \$ 338 |
| | | | | |
| 60 | 854.8 | \$ 527.1 | \$ 12 | \$ 539 |
| 90 | 1,282.2 | \$ 740.8 | \$ 8 | \$ 749 |
| | | | | |
| 180 | 2,564.4 | \$ 1,381.9 | \$ 4 | \$ 1,386 |
| 365 | 5,200.0 | \$ 2,699.7 | \$ 2 | \$ 2,702 |

| INCOME STATEMENT | |
|-------------------------------|---------------------|
| Annual Revenue | \$ 36,400.00 |
| - Cost Good Sold | \$ 26,000.00 |
| = Gross Margin | \$ 10,400.00 |
| Inventory Expenses | \$ 253.87 |
| Bus Expenses ^(19%) | \$ 6,916.00 |
| - Total | \$ 7,169.87 |
| (\$3,320.13) = Profit | \$ 3,230.13 |
| Profit Ratio | 8.87% |



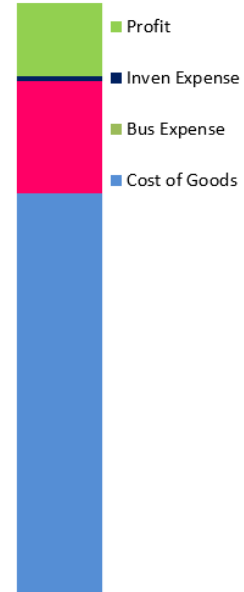
Performance Increase

ITEM PROFITABILITY PERFORMANCE

| AnnL Demand | Item Cost | Carry Cost | Acquisition Cost | Item Sales Price |
|-------------|-----------|------------|------------------|------------------|
| 5200 | \$ 4.75 | 20% | \$ 2.00 | \$ 7.00 |

| Order Cycle | ORD QTY | CarryCost (20%) | OrderCost (\$2.00) | Total Cost |
|-------------|---------|-----------------|--------------------|------------|
| 1 | 14.2 | \$ 101.5 | \$ 730 | \$ 832 |
| 3 | 42.7 | \$ 115.0 | \$ 243 | \$ 358 |
| 4 | 57.0 | \$ 121.8 | \$ 183 | \$ 304 |
| 5 | 71.2 | \$ 128.6 | \$ 146 | \$ 275 |
| 7 | 99.7 | \$ 142.1 | \$ 104 | \$ 246 |
| | | | | |
| 14 | 199.5 | \$ 189.5 | \$ 52 | \$ 242 |
| 30 | 427.4 | \$ 297.8 | \$ 24 | \$ 322 |
| | | | | |
| 60 | 854.8 | \$ 500.8 | \$ 12 | \$ 513 |
| 90 | 1,282.2 | \$ 703.8 | \$ 8 | \$ 712 |
| | | | | |
| 180 | 2,564.4 | \$ 1,312.8 | \$ 4 | \$ 1,317 |
| 365 | 5,200.0 | \$ 2,564.7 | \$ 2 | \$ 2,567 |

| INCOME STATEMENT | |
|-------------------------------|---------------------|
| Annual Revenue | \$ 36,400.00 |
| - Cost Good Sold | \$ 24,700.00 |
| = Gross Margin | \$ 11,700.00 |
| Inventory Expenses | \$ 253.87 |
| Bus Expenses ^(19%) | \$ 6,916.00 |
| - Total | \$ 7,169.87 |
| (\$3,320.13) = Profit | \$ 4,530.13 |
| Profit Ratio | 12.45% |
| Performance Increase | 40% |



There is one answer

5

Rebrand the Inventory Team!

VISIT OUR GOOD-TO-GREAT THEATER
Inventory Investment Analysts

**10 STEPS TO A WORLD CLASS
INVENTORY TEAM**



VISION Inventory owners, standing monthly, delivering a data-driven business update, including their planned steps for improvement

7

It Is Time to Play Offense!

Tell them before they ask

Invite Dept Leads to Speak at Inv Mtgs

Supplier Reviews Posted

Quick Short Item/Supplier Warnings

Send Team Roster w/Photos & News

Weekly Analytics' Blasts

New Item Updates

Weekly Numbers Emailed in a Branded Format





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