



case study

Inventory Optimisation is main goal for online sports retailer

“AGR Inventory Optimiser has helped us reduce our stock holding by 15%. At the same time we have added new product lines and maintained the very high service levels our customers have come to expect from us – a great result.”

Ian Wilson
IT Manager
Newitt and Company Limited

Top sports retailer, Newitts, was struggling to grow the business with a model that offered overnight delivery based on carrying high stocks of product.

A NAV user already, they turned to specialist inventory optimisation solution provider, AGR, to help them retain their competitive approach whilst minimising stocks and freeing up valuable working capital.

The Company

Newitts is the UK's leading mail-order supplier of sports equipment. The company has been owned and managed by the Newitt family for over 100 years.

Established in 1902, the company operates from a central warehouse in York supplying equipment and apparel for a wide range of sports from aerobics to weightlifting.

The company supplies directly to the general public as well as to major corporate clients. They carry about 15,000 current stock lines and hold historical sales data on just under 40,000 products.

Selling to the general public via their website, Newitts pride themselves on high service levels and supplying 98% of items ex-stock.

Their corporate customers range from very large public sector bodies – like HM Prison Service and Strathclyde Council – to most primary and secondary schools, plus numerous sports clubs across the UK.

The company also work very closely with the Youth Sports Trust based at Loughborough University, whose aims are to promote sport and physical education in Britain.

The Challenge

Newitts has a long history of technical excellence, being one of the early adopters of eCommerce. The company has been selling via its website since 1997 and owes its success to its very high service levels, which has ensured customers come back time and again.

The competitive marketplace generated by internet shopping means having the right stock available at the right price is paramount and while Newitts has been able to deliver 98% of items from stock, this has also led to some over-stocking issues.

To ensure they continue to meet the high service standards, while significantly reducing the stock holding, Newitts needed to be able to make realistic purchasing decisions and accurate forecasts.

Newitts decided to look for an inventory management system that could meet these requirements, quickly, cost-effectively and with minimal impact on the smooth running of the business. Ian Wilson explains:

“We are a growing business, often shipping more than 600 orders every day. However, our forecasting was based on making sure we could fulfil every order, any time.”

case study

This business model created a number of issues.

"We were spending far too much time creating back orders, making us much more reactive than proactive. We wanted to forecast smarter so that we had the right stock available without having the stock we didn't need. This would make us leaner and more flexible so that we could control sales processes much better through promotions and other advanced selling techniques," says Wilson.

Newitts reviewed the market and found a software product that appeared to deliver everything they needed – AGR Inventory Optimiser.

The Solution

AGR is specially designed to make purchasing easier and more effective; with graphical displays of information and easy to perform sales history adjustments.

"AGR Inventory Optimiser integrated seamlessly with our Microsoft Dynamics NAV (also known as Navision) ERP system, which meant we could implement the system with no impact at all on other areas of the business. AGR's approach is to focus exclusively on delivering accurate forecasting that results in less cash being tied up in stock holding and a more flexible yet comprehensive approach to customer service. We were very impressed with their understanding of this area and of our business model and made the decision to install the software," says Wilson.

Based on a pilot system using the sales history from around 200 product lines, AGR used its exclusive simulation system to generate a sales forecast. When compared with the actual sales figures, the simulator indicated a realistic target of around 20% reduction in stock holding whilst maintaining and, in many cases, improving service.

"Implementation was very straightforward and the AGR implementation team responded well to our specific requirements so that we completed the integration even earlier than expected," says Wilson. *"We wanted to make sure that when we upgrade to the next release of Dynamics NAV, AGR would continue to operate in precisely the same way. We could see our purchasing clerks were going to be very happy with this system and we didn't want to have to lose it if we moved to a new ERP. This turned out to be very straightforward as AGR is designed to integrate with any ERP, whilst operating separately."*

CLIENT PROFILE

newitts.com

Selling to the general public via its website, Newitts pride themselves on high service levels and supplying 98% of items ex-stock – meaning they need to have the right stock at the right price at the right time.

The challenge was to manage and lower stocks, to free up working capital and still maintain their overnight delivery promise.

Solution: AGR Inventory Optimiser

Benefits

- Faster access to information.
- Improved reporting tools for management.
- Reduced workload through automation of previous manual tasks.
- Reduced inventory holding costs.

The Benefits

Newitts is very pleased with the decision to purchase AGR Inventory Optimiser and as a result have adopted much more accurate and effective purchasing capabilities.

"After being live for almost a year we have seen our inventory reduced by 15%, which represents a cash saving of £350,000. At the same time we have the confidence to add more stock lines, knowing that we are not going to be saddled with excess stock that we cannot sell. Before Inventory Optimiser was implemented, our stock turns were under three times per annum and now they are over five times. This has increased our bottom line profit quite considerably," explains Wilson.

AGR's intuitive graphic interface allows purchasing staff to gain much greater insight from our historical sales data and translate this into more accurate and effective sales forecasts.

In the past they had to download the data into a Microsoft Excel spreadsheet, which was both time-consuming and difficult to handle. This practice was driven by the restrictive nature of the Dynamics Nav min/max stocking rules.

At a glance, they now see a clear and accurate overview of the current stock position, allowing them more time to manage inventory and less time wasted checking and matching incorrect data.

Wilson again, *"AGR Inventory Optimiser has released more than 50% of staff time for*

other duties and has moved us closer to true Just-In-Time stock replenishment. In addition, we can now trust the figures produced, which makes the ease and visibility of the purchasing process a dream come true."

AGR Optimiser also includes an additional feature called Management By Exception (MBE). This functionality allows the system to generate specific early warning reports (easily set up by the end users) that highlight and prioritise the key situations they need to attend to.

Newitts is able to define exception reports to identify items that need special attention, such as potential stock-outs, late deliveries, high forecasting errors and slow movers. Using MBE has allowed more time for analysis and once corrections have been made, stock and service levels have improved.

With the help of AGR, Newitts has been able to significantly lower costs in its business whilst making it more agile and responsive to customer requirements.

This has resulted in a 15% reduction in stock, a 50% reduction in resource requirement, a return on investment within six months and a platform that will ensure a more efficient, productive and profitable business long into the future.

For more information about our products and services, please call: **01675 432400**, email us at: **sales@metaphorix.co.uk** or visit our website: **www.metaphorix.co.uk**

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