

Case Study

Global Pumps/Compressor Manufacturer

Aftermarket Operations Transformation

Inventory Management / Parts Availability Improvement

Aftermarket operations improvement of a \$3B industrial pumps and compressor manufacturer

Case Study Situation Summary

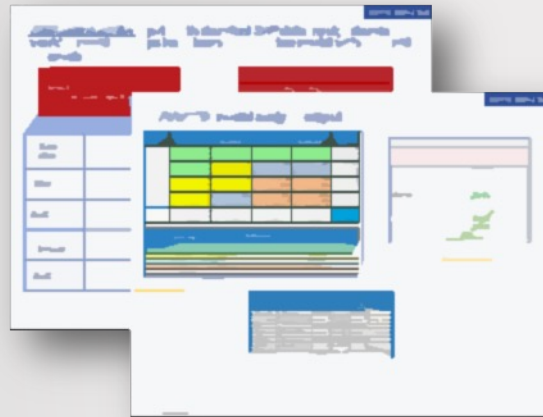
Industry	Industrial Pump/Compressor	Aftermarket Revenue (One Business Unit of the Company)	~\$117M
Business Description	Aftermarket parts, Service and Remanufacturing operations	Inventory Investment Identified	~\$4M
Location	North America, Europe	Improvement in part availability	~15%
Ownership	Private Equity		
Type of Project	Operations improvement focusing on parts availability	Length of Project	4 Months

Challenges

- Client's Aftermarket business had issues with availability of parts; One business reported the availability at 65%
 - Lack of parts availability potentially leads to lower customer satisfaction and loss of business; specially on consumables parts
 - Client's aftermarket team had issues identifying what parts are critical to the business and how much stock should be maintained for those parts
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A 3-tiered approach was used to drive a sustainable inventory planning strategy

Data/Tools



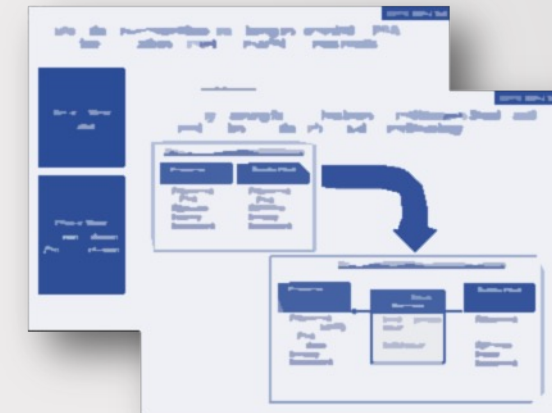
- Defined standard procedures and system query to download the raw sales data from SAP
- Created an excel-based model to calculate optimal inventory level by SKUs based on ABCD classifications

Process/Roles



- Implemented quarterly process for inventory planning across organization
- Established rules, guidelines, roles, and standard review cadence/agenda for monitoring and changing inventory levels

Organization



- Aligned the organization to create commonality in the inventory planning process across 7 different business units globally
- Trained and coach organization on inventory planning approach and on support, data requirements, and planning

Results Summary

Increased availability results in better customer order rate and hence increased revenue for aftermarket business

