

Inventory Momentum Optimization

Summary

Most truck dealerships carry 15–30% excess or dead inventory, suffer from poor fill-rate visibility, and lack structured governance for phase-in/phase-out and return-to-vendor. Inventory Momentum Optimization Package improves cash flow, fill rate, turns, and reduces emergency freight.

Program Objectives

- Reduction in excess inventory
- Improvement in inventory turns
- Improved First Time Fill Rate
- Reduce Obsolescence
- Reduction in Customer Back Orders
- Improved Customer Service

Program Structure & Deliverables

Phase 1 – Inventory Diagnostic & Cash Opportunity Model (3-4 Weeks)

- 12–24 months sales history analysis
- Stocking parameter review (min/max, lead times, days of stock, order frequency)
- Emergency purchase frequency analysis
- Inventory aging review
- Vendor return history review
- Fill rate trend review
- Turn performance by category
- Dead stock & excess identification
- Working capital opportunity sizing
- Client receives: Inventory Integrity Health Scorecard.

Phase 2 – Inventory Strategy Redesign (3-4 Weeks)

- Optimized stocking policy by part category
- Stocking strategy
- Lead time recalibration
- Min/Max reset framework
- Phase-in/phase-out governance
- Return-to-vendor (RTV) strategy playbook
- Client receives: Inventory Strategy Blueprint, Stocking Policy Playbook, RTV Governance Model.

Phase 3 – Implementation & Parameter Reset (3-4 Weeks)

- DMS parameter adjustment guidance
- Buyer training session
- Parts manager workshop
- Obsolescence action plan
- RTV execution support
- KPI dashboard implementation
- Client receives: Go-Live Support, Inventory KPI Dashboard, Buyer Training Materials.

Phase 4 – 90-Day Performance Monitoring

- Turns improvement tracking
- Fill rate change measurement
- Emergency order reduction measurement
- Dead stock reduction tracking
- Carrying cost improvement reporting

Core Engagement Duration

- 9-12 weeks
- Includes 90-Day Optimization and Monitoring

KPIs

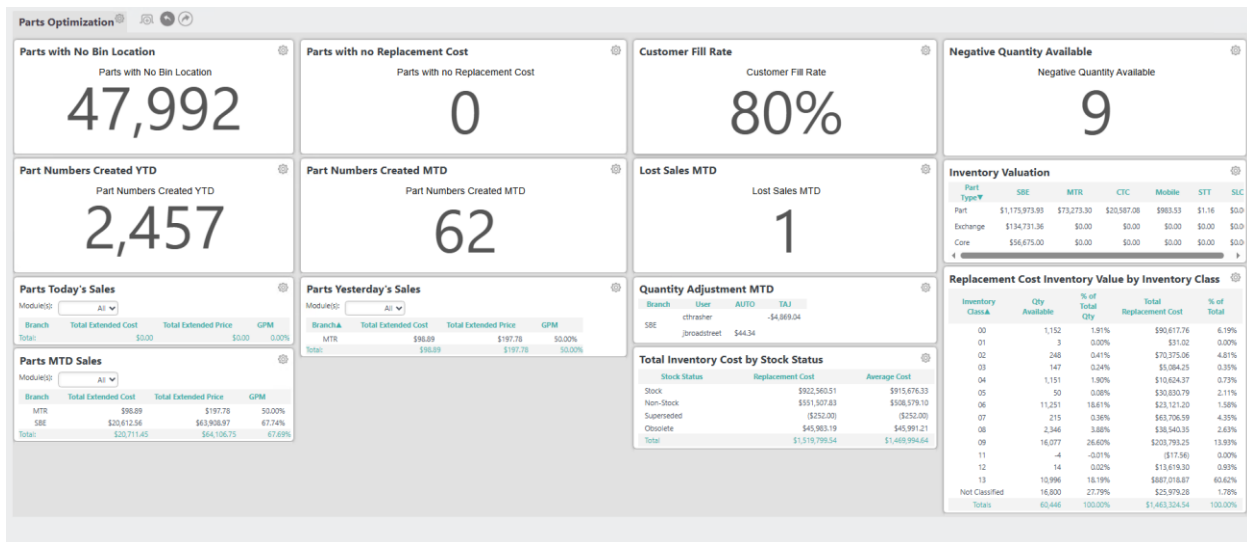
- Gross Inventory Turns - 8
- Obsolescence percentage – Less than 3%
- Customer fill ratio – 90%+

ROI/Financial Impact

Example: \$6M in parts inventory at 2.5 turns. Reducing excess by 20% can free \$800,000–\$1.2M in working capital, plus freight savings and improved technician uptime.

- Gross Inventory Turns – 8
 - Inventory Value: 2 million
 - Annual Carrying Cost (including cost of capital, storage, insurance, obsolescence, shrink, etc.): 15%
 - Baseline: 6 turns
 - Target: 8 turns
 - Financial Impact: \$500,000 reduction in inventory plus \$75,000 savings in carrying costs
- Obsolescence percentage – Less than 3%
 - Inventory Value: 2 million

- Baseline: 10% obsolescence
- Target: 3% obsolescence
- Financial Impact: \$140,000 reduction in inventory
- Customer fill ratio – 90%+
 - Inventory Value: 2 million
 - Gross inventory turns: 8
 - Baseline: 85%
 - Target: 90%
 - Financial Impact: \$118,000 addition in inventory, improved customer service and shop throughput



Qualification Questions

- What are your current inventory turns?
- What percentage of inventory is over 12 months old?
- What is your fill rate today?
- How often do you recalibrate min/max or recalculate order point
- What percentage of orders are emergency purchases?

Why it Matters

- Positions Professional Services as the customer-intelligence engine at Karmak
- Gives PS consultants a repeatable, data-backed engagement that proves ROI
- Creates a measurable link between Fusion usage and customer profitability