



Little Hardware

Company Facts

- Headquarters: Charlotte, North Carolina
- Industry: Hardware
- Founded: 1922

“For the items on which we use Inventory Planner, in our first six months the annual moving calculation GMROI increased 19.1% and our turns increased 13.4%.”

Kyle Little, eCommerce and IT Manager

Success Highlights

Challenges

- Improve Cash Flow
- Make Better Ordering Decisions

Solution

- Epicor Inventory Planner

Benefits

- Reduced Stockouts on A and B items by 25% in first six months
- Decreased moving annual average investment in inventory by 6.55%
- Increased GMROI by 19.1%
- Improved inventory turns by 13.4%

Little Hardware Reduces Stockouts by Using Improved Forecasting Models and Suggested Order Points

Little Hardware Company has been providing the Charlotte, North Carolina area with industrial and hardware supplies for over 90 years. The family-owned business strives to maintain their reputation for excellent customer service, especially in helping customers locate those hard-to-find specialty items.

Little Hardware’s management team recognized that ordering products more intelligently and more strategically was becoming increasingly important in order to improve cash flow. “Over the past few years, we recognized that ordering the wrong items in the wrong quantity, was money out of our pocket. Money we’d rather have keep in the business,” explains Kyle Little, eCommerce and IT Manager. “We knew there had to be a solution designed to use our data to provide sophisticated suggested order points and forecasting models. Our goal was to make better business decisions related to ordering.”

Reducing Costs and Stockouts

Little Hardware orders from vendors at various frequencies—from weekly to semi-annually. In addition, each vendor varies in its minimum requirements to qualify for prepaid freight. A “One Size Fits All” approach simply wasn’t ideal. With Epicor Inventory Planner, Little Hardware easily determines the order cycle for each vendor by considering prepaid freight minimums, historical sales patterns, historical supply lead times, and other factors. “We now optimize order cycles on a vendor-by-vendor basis, by more effectively using our Epicor Eagle data,” notes Kyle.

“We increased our ordering frequency, shortened replenishment times, and reduced outs because we are able to meet pre-paid freight minimums sooner than before. Our stockout rates on A and B items dropped 25% during the first six months.”

Forecasting for Success

Little Hardware also relies on Inventory Planner to help create accurate sales forecasts, essentially adding science to the art of forecasting. “There are about 18 forecast models to choose from and I can customize them to make my own. You can even use different models for different SKUs. We use the model with the lowest standard deviation to forecast sales,” describes Kyle. “During the first six months of using Inventory Planner, we had more accurate forecasts nearly 58% of the time.”

Safety Stock Calculated Using Service Levels

Like many retailers, Little Hardware was using educated guesswork to determine safety stock levels. “With Inventory Planner, we use data and algorithms to handle our safety stock calculations. I set the service level as high as 99% for our most popular items. As an item’s popularity decreases, and the vendor’s order cycle gets longer, I set the service level to decrease on a linear scale,” explains Kyle. “We decreased our moving-annual average investment in inventory by 6.55% on items for which we used Inventory Planner.”

Smarter Order Point Strategies

Little Hardware is reaping the benefits from its new approach to inventory planning. “With Inventory Planner, we are more strategic with our ordering, and spend less time doing it,” asserts Kyle. “For the items on which we use Inventory Planner, in our first six months the annual moving calculation for GMROI increased 19.1% and our turns increased 13.4%. Inventory Planner really works for us!”

About Epicor

Epicor Software Corporation is a global leader delivering business software solutions to the manufacturing, distribution, retail, and service industries. With more than 40 years of experience, Epicor has more than 20,000 customers in over 150 countries. Epicor solutions enable companies to drive increased efficiency and improve profitability. With a history of innovation, industry expertise, and passion for excellence, Epicor inspires customers to build lasting competitive advantage. Epicor provides the single point of accountability that local, regional, and global businesses demand. For more information, visit www.epicor.com.



Contact us for more information on Epicor Products and Services

+1.800.538.8597 info@epicor.com www.epicor.com

Worldwide Headquarters
San Francisco Bay Area
4120 Dublin Boulevard, Suite 300
Dublin, CA 94568 USA
Toll Free: +1.888.448.2636
Direct: +1.925.361.9900
Fax: +1.925.361.9999

Latin America and Caribbean
Blvd. Antonio L. Rodriguez #1882 Int. 104
Plaza Central, Col. Santa Maria
Monterrey, Nuevo Leon, CP 64650
Mexico
Phone: +52.81.1551.7100
Fax: +52.81.1551.7117

Europe, Middle East and Africa
No. 1 The Arena
Downshire Way
Bracknell, Berkshire RG12 1PU
United Kingdom
Phone: +44.1344.468468
Fax: +44.1344.468010

Asia
238A Thomson Road #23-06
Novena Square Tower A
Singapore 307684
Singapore
Phone: +65.6333.8121
Fax: +65.6333.8131

Australia and New Zealand
Level 34
101 Miller Street
North Sydney NSW 2060
Australia
Phone: +61.2.9927.6200
Fax: +61.2.9927.6298

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