



Sales and Inventory Management E-learning Course



Martec International

Martec International is a leading provider of data, industry knowledge and insight on retailers, consumer goods companies and other suppliers to retail, especially technology companies.

Our customers include:

- Retailers
- Consumer Goods companies
- Technology suppliers to retailers and consumer goods companies
- Marketing services companies that promote services to retailers and consumer goods companies
- Other service providers, such as logistics companies.

We help clients increase their industry knowledge, develop their skills and grow sales. Companies from approximately 35 countries across 6 continents come to Martec for assistance and insight.

Target Audience

Martec's Sales and Inventory Management e-learning course is designed for everyone involved in sales and inventory management including merchandisers, buyers, supply chain managers and their teams. IT departments and vendors supplying and selling inventory management systems will benefit from a better understanding of the key processes and KPIs.

Objectives of the Suite

The course provides a thorough grounding in key sales and stock management principles and concepts. It is suitable for retailers operating in both category management and merchandise management environments. By the end of the program, students will be able to do the following:

- Explain the theory, principles and practice of sales and inventory management
- Describe best practice sales and inventory management processes
- Prepare for and participate effectively in Monday morning and monthly reviews



Course Overview

- Sales and Inventory Management is a self-paced web-based training program. The program provides about 5-6 hours of training. We recommend that students study in 30-40 minute segments to maximize learning retention.
- The program includes a variety of interest generating features and exercises. The student sees his or her own test scores immediately and can review explanations for the correct answers, as appropriate.
- Companies who buy a group of licences will be given access to the reporting facilities in the Learning Management System. This enables management to track which students have started and completed the training and their test scores.

There are three pricing options:

- Induction is suited to new joiners who will complete the complete training suite in a limited time. An induction licence is valid for 3 months.
- Professional is valid for 12 months. This allows those who need to re-visit the classes periodically to refresh their knowledge to do so whenever necessary.
- Performance Enhancer includes access to the complete Retail and Consumer Goods Industry WIKI and performance support system also for a 12 month licence.

You can get a full explanation of the benefits and what is included in each option as explained in our [class pricing options](#) web page.

All a student needs to run the program is access to a PC and a web browser. The program is hosted on Martec International's Learning Management System and is available round the clock.

Companies may also purchase a corporate licence which provides unlimited access within the company's own organization. Prices are available on request.

Program Contents

Overview of merchandise and category management

- Merchandise management definition
- Category management definition
- Category management vs. inventory management
- Retail merchandising

Principles of inventory management fundamentals

- Cost of goods sold
- Average inventory
- Carrying costs of inventory
- Financial impact of inventory reductions

Key Performance Indicators (KPIs)

- ABC analysis
- Example ABC analysis and in stock service levels
- Inventory or stock turn
- Evaluating a change in turn
- Weeks of supply
- Markdowns
- Sell through
- Gross Margin Return on Investment (GMROI)
- Maximizing GM ROI

The slide displays the formula for Cost of Goods Sold (COGS) and an example calculation. The formula is:
$$\text{Cost of goods sold} = \text{Cost value of the opening inventory at the start of the year} + \text{Purchases at cost} - \text{Cost value of the closing inventory at the year end}$$
 The example calculation is:
$$\begin{aligned} \text{Example:} \\ \text{Opening inventory} &= 80, \text{ purchases at cost} = 220, \text{ closing inventory} = 100. \\ \text{Cost of Goods Sold} &= \end{aligned}$$
 A blue button labeled 'Answer' is positioned below the example. The slide also features a navigation menu on the left and a search bar at the bottom.

The slide illustrates the Use of GMROI with three bar charts comparing three departments (A, B, and C) across different metrics. The first chart, 'ANNUAL SALES BY DEPARTMENT', shows Department C as the highest. The second chart, 'GROSS PROFIT PERCENT', shows Department A as the highest. The third chart, 'AVERAGE STOCK AT COST', shows Department A as the highest. The slide includes a source attribution to Outcall and Johnson LLC and a copyright notice for Martec International.

Program Contents

Lost sales

- Cost of avoiding a lost sale
- Lost sales estimation – continuity and fashion items
- Profit impact of lost sales recovery
- Using lost sales in practice

How much inventory is enough?

- How much inventory do you need?
- Safety stock
- Considerations for reducing inventory
- Which comes first – reducing stocks or reducing lost sales?

Important basics

- Breaking stock and terminal stock
- Types of stock ownership
- Consignment stock
- Vendor Managed Inventory (VMI)
- Direct Store Delivery (DSD)
- Difference between sales and demand
- Inventory accuracy
- Fast movers vs. slow movers
- Packs
- Ratio packs
- Rounding rules
- Visual merchandising constraints

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Safety Stock

Can be calculated as:

- An extra 6 weeks, say (or 2 or 4...)
- Half the vendor's lead time
- Scientifically using target service level for the item or class, historic forecast error and statistical distributions of forecast error (mostly embodied in ERP solutions or best of breed replenishment)

There are three main approaches to setting a safety stock figure. Very common is a fairly arbitrary approach that adds an extra number of weeks of sales. A slightly better approach is to add half the supplier's lead time. Best of all is to define an in stock service level to be achieved for each item or product category, track the forecasting errors by product and set a safety stock mathematically to achieve the right service level.

The diagram assumes that forecast errors are normally distributed. In other words, there is a mean forecast error and half the forecasts have individual errors below this number and half above.

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Consignment Stock

Consignment stock can be used in various circumstances. The most common is in bigger items like washing machines. The manufacturers have economies of scale if they can operate as efficiently as they would wish. However, at times demand is lower. At other times, it peaks. The manufacturer will offer consignment stock to retailers when their demand is lower and they want to maintain production at a higher level. The retailer will take stock from the manufacturer at lower prices in return for holding it until it is needed at times of peak demand. It is a trade off in costs. The supplier sells it at a lower price and

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Program Contents

Not quite so basic

- Halo effect
- Cannibalization
- Price elasticity curves and cannibalization
- Price optimization data considerations
- Price optimization – example strategies
- Common inventory management errors

Buying

- Buying differences – merchandise management vs. category management
- How much do you buy?

In-season sales and inventory management

- Summary of the merchandise management process
- A typical Monday morning review
- Performance against chain average
- Sales to stock ratio (participations)
- A problem department?
- Last n weeks trend
- Example monthly review
- Questions to investigate
- Position sheet analysis
- Open to Buy management
- Open to Buy example
- In season control
- Complicating factors
- Impact of stock ownership on OTB

Mastery test

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Cannibalisation

Promoted items can directly lower sales on similar and dissimilar products.

- A customer may choose to buy a promoted Flat Screen TV from one brand instead of a similar Flat Screen from another brand
- A customer may purchase a Flat Screen instead of spending money on jewellery
- Toothpaste promotions cannibalize other brands, consumption does not increase, people don't brush their teeth more often
- Dog food promotions - buy 7 get one free increases consumption (fat dogs or waste)

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Summary of the Merchandise Management Process

PRE-SEASON | **IN-SEASON** | **POST-SEASON**

Planning (Merchandise and Assortment) → Initial Allocations → Performance Review → Revised Sales Forecast → Replenishment → Clearance → Post-Season Summary

We reviewed this chart earlier and we are now concerned with the box in the top right of the chart called Performance Review.

Assortment planning identifies new products to be introduced into the stores or other channels. The process of allocation then determines the exact quantities to be sent to each store at the lowest level of granularity. Product arrives in store and goes on sale. Each Monday morning most retailers have a performance review of last week and make revisions to the forward forecast or other tweaks to the seasonal strategy. Products are replenished according to the

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Testing

At the end of each module there is a mastery test. If the learner completes this test with a pass mark of 70% or more and also completes our short class survey, they will be issued with a certificate and a digital badge. The digital badge can be shared on social media and has metadata, so anyone clicking on the badge can see what the learner has achieved. We also issue credits for classes completed. For more information on digital badges click [here](#).

Delivery Options

This program can be delivered in three ways:

- Individuals or companies can order the program for one or more people via the Martec International web site at www.martec-international.com.
- If a company wants to train batches of students, the e-learning program can be studied to a group time schedule and live web-based instructor-led sessions can be provided to allow for interaction with a subject matter expert. There is an extra charge for this for smaller size groups.
- Live instructor-led classes can be presented using the same material. This is relevant when there are 20 or more people to train at the same time.

Further information and pricing can be provided on request.

More Information

You can learn more about Martec at the following locations:

<https://www.martec-international.com>

Our YouTube channel at <https://www.youtube.com/channel/UCy9AbJlSWOIOJitqjqWZsDA>.

If you have an enquiry you would like to make of Martec, you can use the Enquire Further button on <https://www.martec-international.com/contact-us> or call +44 1823 333469.