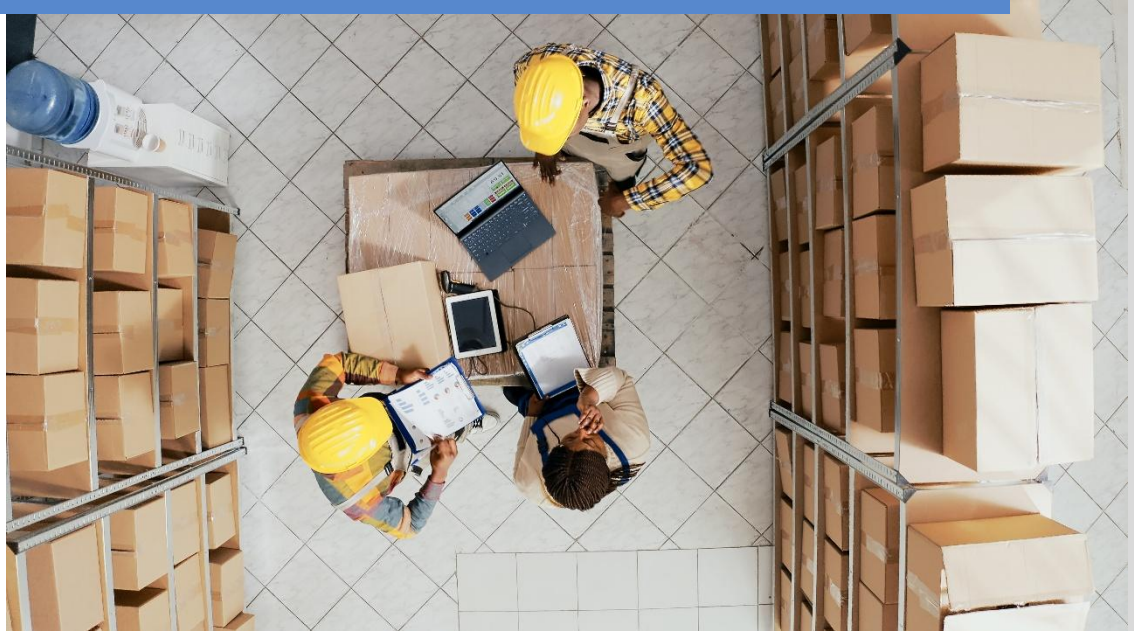




Merchandise Replenishment E-learning Course



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 38 countries across 6 continents come to Martec for assistance and insight.

Target Audience

This program is designed for:

- Merchandisers
- Assistant Merchandisers
- Allocators
- Merchandise Planners
- Warehouse Management, including those in returns management
- IT people who build replenishment systems
- Finance and Supply Chain Management people who are involved in aspects of inventory management
- Internal or external Auditors who need to audit inventory management processes

Objectives of the Suite

By the end of this program, learners will be able to;

- Determine how much inventory a store or warehouse needs at any point in time
- Explain how customer service level is taken into account
- Describe best practice replenishment processes
- Be able to determine which replenishment methods are most effective in which situations
- Identify how to deal with

Course Overview

- The course provides a comprehensive foundation in replenishment principles and concepts. It explores the role of replenishment within retail inventory management, including planning and ordering strategies, key store replenishment models and how they operate, supply considerations such as lead times and service levels, and the management of inventory challenges like overstocks and clearance stock.
- 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:

- Professional is suited to new joiners who will complete the complete training suite in a limited time. An induction licence is valid for 3 months. It also includes access to the complete Retail and Consumer Goods Industry Knowledge for a 12 month licence.
- Performance Enhancer 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. It also includes access to the complete Retail and Consumer Goods Industry Knowledge 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.

CPE Credits

If you are a CPA licensed in the United States you may be eligible for Continuing Professional Education Credit for this course which is 2.4 CPE Credits.

Program Contents

Introduction to Replenishment

- Allocation vs. Replenishment
- Replenishment Objectives
- Allocation and Replenishment across the product lifecycle
- Allocation and Replenishment: Long Season
- Allocation and Replenishment: Short Season

Concepts Behind Replenishment Decisions

- Inventory Review and Ordering
 - Time-Based Model
 - Hybrid Approach
- Replenishment Ordering Logic
- Push/Pull Organizational Replenishment Strategies
- Replenishment Base Model
- Re-Order Point
- Rounding Rules

Replenishment Algorithms

- MIN/MAX Replenishment
- SOGO (Sell-One-Get-One) Replenishment
- Fixed Model Stock Method
- Dynamic Model Stock Method
- Replenishment to Plan or Forecast
- Inventory Rationing Approaches
 - Fair Shares
 - Reinforcing Winners
 - Equal Weeks Cover
 - Substitutions and Transfers

Merchandise Replenishment v4.5

Inventory Review and Ordering (Order Point & Time-Based Models)

1 Order Point (or Re-Order Point) Model

Inventory levels are continuously monitored, and an order is triggered when stock falls to a predetermined re-order point.

Time-Based Model 2

Inventory is reviewed at regular intervals, such as weekly or monthly, rather than continuously.

Both methods should use potential inventory (inventory on hand plus on order and in transit from previous decisions)

Order-Up-To-Level (OUL) ↑ When stock falls below the re-order point, a replenishment order is triggered to bring inventory up to the OUL.

Order-Up-To-Level (OUL) ↑ Order Quantity is the OUL minus the potential stock on hand.

Example:

Tuesday Review	Stock on hand: 92 units	OUL: 83 units	No order placed
Friday Review	Stock on hand: 67 units	OUL: 83 units	Order placed 16 units

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MAX Calculation

Highest Stock Quantity

MAX CALCULATION

*Forward Forecast of Sales x Weeks' Cover

*Historical average weekly sales may be used instead

WEEKS COVER = CYCLE TIME + SAFETY STOCK

Cycle Time
The average time from when an item is sold at the checkout to when its replacement is available on the shelf again.

Safety Stock
E.g., an extra two weeks' cover or the amount of stock needed to protect against a delayed delivery.

EXAMPLE 1

Average rate of Sale	0.3 items/week
Cycle Time	8 weeks (2.4 units)
Safety Stock	2 weeks (0.6 units)
Weeks Cover Calculation	0.3 x 10
MAX Number of Units	3

EXAMPLE 2

Average rate of Sale	0.15 items/week
Cycle Time	8 weeks (1.2 units)
Safety Stock	2 weeks (0.3 units)
Weeks Cover Calculation	0.15 x 10
MAX Number of Units	1.5 x 2

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Program Contents

Supply and Replenishment Parameters

- Warehouse and DC Replenishment
 - Seasonal Merchandise
 - Demand and Terminal Stock
 - Considering Returns
 - Category management
- Managing Inventory Efficiently
- Weeks of Supply (WOS)
 - Calculating Weeks of Supply
 - Retailer's Lead Time
 - Vendors Lead Time
 - Safety Stock
- Service Levels
 - ABC Analysis
 - Application in Replenishment
 - Safety Stock Implications
 - Calculating Safety Stock
- Calculating Weeks of Supply (WOS)
- Stock Optimization
 - Clearance Merchandise and De-Listed Lines
 - How to Determine an Overstock Situation
 - Reducing Overstocks
 - Dealing with Perishables

Mastery test

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RESOURCES ASK AN EXPERT CONTACT START OF COURSE EXIT CERTIFIC

Warehouse and DC Replenishment – Considering Returns

Online retailers do not usually refund the cost of returns, until the goods have been inspected

The retailer therefore has use of the returns cash until it has to be repaid

If the Finance Department invest the returns cash during that time, the interest earned can be used to offset some of the associated returns costs

Fashion Retailer Annual Sales \$300m

Returns 30% of sales \$90m

Refund processing time 3 weeks

\$5.2m free loan

Sale → up to 6 weeks → Return

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Service Levels – Safety Stock Implications

As service level targets increase, the relationship with safety stock is not linear

The level of safety stock required increases exponentially as the target service level rises

At 95%, a further 2% increase in Service Level will require a 25% increase in safety stock to maintain availability at the higher level

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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.

Delivery Options

This program can be delivered in two 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.

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.

