Slide 1: Longer Lead Times Drive Higher RHIT Risk

Script:

“To kick things off, we looked at a core supply driver—lead time—and its direct impact on service reliability.

What we observe here is a strong and consistent trend: RHIT steadily climbs as lead time increases. Instances with very short lead times (<10 days), the average hit rate is about 25%. But for instances with lead times over 60 days, RHIT jumps to nearly 38%.

Even moderately long lead times (30–60 days) already show elevated risk, confirming that longer supply cycles potentially increase vulnerability.

What this really tells us is that lead time isn’t just an operational number—it’s a service-level risk indicator. Every extra day we wait to receive a part is more time the region risks running empty.

By Targeting even moderate lead times for reduction could reduce regional hits , especially for our higher-value and fast-moving parts.”

Slide 2: Forecasting Helps, But Lead Time Remains the Strongest Risk Driver

Script:

“Now, let’s bring forecasting into the picture—because the natural question is: what impacts regional hits more

This heatmap shows the interaction between forecast accuracy (left to right) and lead time (top to bottom), with color representing RHIT risk.

What’s eye-opening is that even with high forecast accuracy—on the far right—long lead time instances still show high hit rates. In many cases, RHIT exceeds 39% even when the forecast is near perfect.

Conversely, short lead time instances can tolerate moderate forecast misses and still avoid high regional hit rates.

So while forecasting certainly helps, lead time remains the stronger risk lever. It’s not a forecasting problem or a lead time problem—it’s a combined constraint. And for the business, that means we can’t treat them in isolation.

The real opportunity lies in integrating forecasting improvements with supply-side agility—especially shortening lead times where risk is concentrated.”

Slide 3: Fewer but Riskier – High-Demand Parts Drive Regional Hits

Script:

Now talking about the demand. Its clear that vast majority of the parts fall under low or very low demand items   
  
So when the demand for a part goes up, the regional hit goes up as well. High demand parts selling over 200 units every 90 days, experience regional hits with the hit rate over 43%

key aspect here is that while these high-demand items are just a small sliver of our total number of parts, they pack the biggest punch when they're not available. These are the parts that are critical for getting things done,

the insight we're getting isn't just statistical – it's a strategic one. We really need to zero in on these high-demand parts and protect them from stockouts, maybe by sourcing them faster, holding more safety stock, or really dialing in their forecasts, we can help reduce Regional hits and its impact.

1. How much of our regional hits are due to lead time issues?

Answer:

Our analysis shows that regional hit rates (RHIT) climb significantly as lead times increase — from ~25% for very short lead times (<10 days) to ~38% for long lead times (>60 days).

This means that a large portion of stockouts — up to 38% — are directly associated with lead time issues, especially for parts with longer replenishment cycles.

From a business standpoint, this highlights lead time as a core driver of service disruption. Reducing it — even moderately — could significantly cut stockout risk and improve availability.

✅ 2. What impacts regional hits more? Poor forecasting or bad lead times?

Answer:

While both matter, our data shows that lead time is the stronger predictor of RHIT.

Even with excellent forecasts, parts with long lead times still experience RHIT rates over 39%. On the other hand, parts with short lead times have much lower RHIT, even if forecasts are off.

In short: forecasting helps, but can’t compensate for long supply delays.

The key insight is: to reduce stockouts, we must pair accurate forecasting with faster, more responsive supply chains.

✅ 3. How does future risk of hits differ between low vs high demand parts?

Answer:

Surprisingly, high-demand parts — while fewer in number — face the highest RHIT risk at ~43%, compared to just 26% for very low demand parts.

These parts are operationally critical, move quickly, and when they’re out of stock, they have outsized impact — on customers, service teams, and sales.

So, while most parts are low-volume, the biggest risk lies in the high-volume items. These need special attention — like safety stock strategies and prioritized lead time reduction — to protect service levels.