

# BUSINESS REQUIREMENT DOCUMENT

## 1. The Current Business Problem:

The retail/wholesale business faces challenges in optimizing profitability due to:

- **Inefficient pricing and promotions** leading to underperforming brands.
- **Lack of visibility** into top-performing vendors driving sales and gross profit.
- **Unclear impact of bulk** purchasing on unit costs, hindering procurement decisions.
- **Suboptimal inventory turnover**, resulting in high holding costs and capital inefficiency.
- **Significant profitability variance** between vendors, causing resource misallocation.

## 2. The Proposed Solution:

Implement an integrated Vendor Performance & Inventory Analytics System to:

- Identify underperforming brands for dynamic pricing/promotions.
- Rank vendors by sales/profit contribution and analyze bulk purchase economics.
- Calculate inventory turnover metrics and optimize stock levels.
- Benchmark vendor profitability to negotiate terms or reallocate resources.

## 3. System(s) Impacted:

- **ERP System (e.g., SAP, Oracle):** Vendor data, purchase orders, inventory levels.
- **Sales/POS System:** Transaction data, pricing, promotions.
- **Inventory Management System:** Stock movements, holding costs, turnover rates.
- **Business Intelligence (BI) Platform:** Analytics, dashboards, reporting.

## 4. Assumptions / Dependencies:

Assumption	Dependency
Data accuracy in ERP/Sales systems	IT support for system integration/APIs.
Vendors classified consistently	Procurement team maintains updated vendor master.
Gross profit calculable per SKU/vendor	Finance system provides COGS and revenue data.
Inventory holding costs are trackable	Warehouse system logs storage/operational costs.

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## 5. Business Requirements:

### 5.1 Vendor Performance Analysis

- System shall rank vendors by gross profit contribution (sales revenue minus COGS).
- System shall flag vendors with profitability >15% below average for renegotiation/exit.
- Dashboard showing top 10 vendors by sales volume, profit margin, and YoY growth.

### 5.2 Pricing & Promotion Optimization

- Identify brands with <6 inventory turns/year for promotional campaigns.
- Model impact of 5–10% price adjustments on sales volume and margin for slow-moving brands.

### 5.3 Bulk Purchase Analysis

- Compare unit cost vs. order quantity tiers (e.g., 100/500/1000 units) per vendor.
- Calculate ROI of bulk discounts (e.g., 10% discount for 500+ units) including holding costs.

### 5.4 Inventory Turnover Efficiency

- Automate inventory turnover rate calculation (COGS / average inventory value) per category.
- Alert when stock exceeds 90 days of demand or falls below 15-day safety stock.

### 5.5 Vendor Profitability Benchmarking

- Report profitability variance (gross profit per unit) between top/bottom 20% of vendors.
- Attribute causes of variance (e.g., shipping fees, payment terms, defect rates).

### 5.6 Reporting & Alerts

- Generate weekly vendor scorecards with KPIs: sales, profit, turnover, compliance.
- Real-time alerts for stockouts, excess inventory, or vendor delivery delays.