

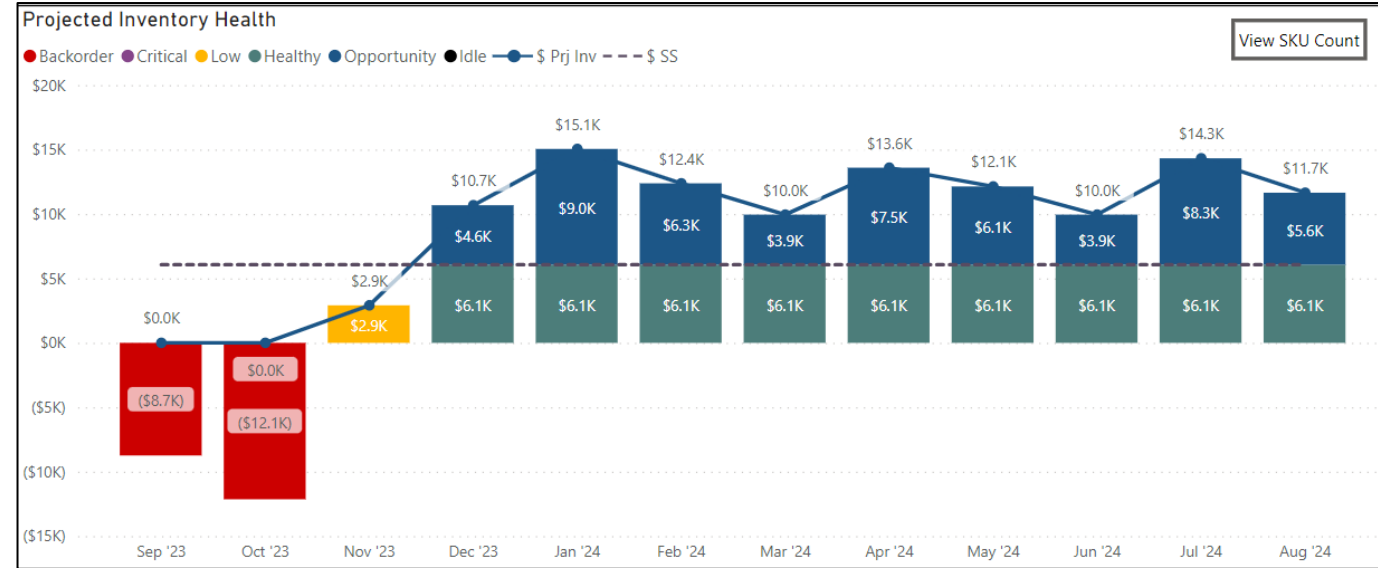
Inventory Health by \$

- **Purpose:** Compare the inventory projection to the inventory target (safety stock) by dollars. Where the inventory projection is over the target, understand how much of it could be influenced and what actions should be taken to do so.
- **Inventory that is over safety stock:**
 - **Opportunity:** The amount of excess inventory that may be able to be reduced based on supply and demand plans. The further out in time the opportunity is, the more likely the opportunity is actionable due to lead times and supplier agreements.
 - **Idle:** The amount of excess inventory that cannot be reduced based on existing supply and demand plans. Even if the supply plan is removed, the inventory would still be there so it can only be reduced by increasing demand.
- **Inventory at or below safety stock:**
 - **Backorder:** Negative inventory
 - **Critical:** Inventory is 0-20% of SS
 - **Low:** Inventory is 21-99% of SS
 - **Healthy:** 100% of SS

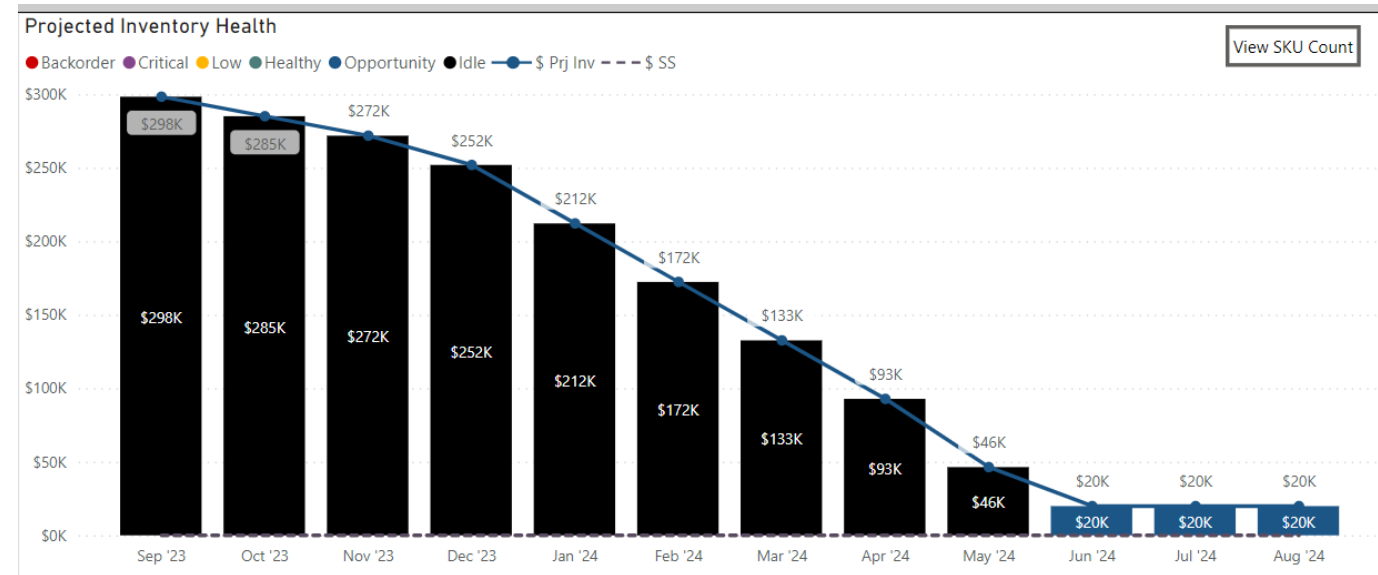
****The priority should be reducing Opportunity items. Opportunity reduction will lead to Idle reduction in future months****

SKU Level

At the individual SKU level, “Healthy” will always equal the SKU’s SS value. Anything below the SS dollar value will be categorized as either Backorder, Critical, or Low and anything above will be split into Opportunity or Idle. A SKU will never show both “Not Enough Inventory” and “Too Much Inventory” in the same month. Opportunity means there is scheduled supply for that period, which, if reduced, could bring inventory down to SS level. Idle means there is not enough demand to bring inventory down to SS level in the given month.



In the top example, we are currently on backorder but have supply coming in November and December that will rectify this. Opportunity value fluctuates with Supply/Demand plans but, since there is no Idle inventory, there is potential opportunity for all excess inventory to be actioned on and brought down to SS.



In the bottom example, there is no Safety Stock goal so there is no “Healthy” dollar value. All current/projected inventory will be categorized as either Opportunity or Idle.

Aggregate Level

Black: No SP action can be taken to reduce the full amount in the given month

Blue **and above** SS line: SP action could be taken to reduce to SS level

Blue **and below** SS line: Deficit- the amount that Inventory needs to be increased by

Yellow: Inventory that is needed but falls between 21-99% of SS

Purple: Inventory that is needed but falls below 20% of the SS target

Red: Backorder. Negative Inventory that is contributing to the Deficit

