

Key Insights & Recommendations

Insights

1 Demand vs Inventory Imbalance

- Demand is exceeding available stock across multiple SKUs.
- 89 SKUs are understocked, increasing stock-out risk.
- Skin Care category shows highest demand concentration.

 Indicates supply-demand misalignment.

2 High SKU Risk Exposure

- 47 SKUs classified as high risk.
- 54 SKUs with high lead time.
- 46 SKUs with high defect rates.

 Significant operational and quality risks exist at SKU level.

3 Supplier Risk Concentration

- Certain suppliers contribute disproportionately to overall risk score.
- Variation observed in defect rate and manufacturing lead time.
- Supplier performance inconsistency impacts supply stability.

 Supplier dependency risk identified.

4 Logistics Cost Concentration

- Shipping cost heavily concentrated with specific carriers.
- Carrier performance varies in cost vs delivery efficiency.
- Road, Rail, and Air revenue contributions are relatively balanced.

 Opportunity for carrier optimization.

5 Production & Cost Efficiency

- Manufacturing cost and defect rate indicate operational inefficiencies.
- Some suppliers show higher cost with moderate production output.

 Margin optimization opportunity.

Strategic Recommendations

1. Improve Demand-Inventory Alignment

- Implement dynamic replenishment strategy.
 - Prioritize high-demand SKUs for safety stock planning.
 - Introduce SKU-level reorder point optimization.
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2. Reduce High-Risk SKUs

- Conduct root cause analysis on high defect & high lead time SKUs.
 - Implement quality audits for high-risk suppliers.
 - Apply risk-weighted inventory planning.
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3. Optimize Supplier Portfolio

- Reduce dependency on high-risk suppliers.
 - Negotiate performance-based contracts.
 - Develop backup supplier strategy.
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4. Enhance Logistics Efficiency

- Reallocate shipping volume toward best-performing carriers.
 - Optimize route planning based on cost & delivery time.
 - Evaluate transportation mode mix for cost savings.
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5. Improve Cost & Quality Controls

- Introduce stricter inspection processes for high-defect suppliers.
- Monitor cost per production unit regularly.
- Benchmark suppliers using performance scorecards.