



Inventory Analysis

Company Profile

Client: A global leader in the design and manufacturing of oil and gas equipment, and a service provider of technology-based solutions for the upstream energy industry. An industry leader in the development and commercialization of drilling technology and services, with a dynamic team of more than 2,000 employees in 23 countries around the world.

Business Challenge

Our client uses a central warehouse to store aftermarket spares for their oil drilling equipment. This warehouse is situated in their manufacturing facility, but managed by a separate team from their aftermarket support group. At the time of engagement, the warehouse inventory was more than USD 5 Million with 3,400+ SKUs. The Corbus team was tasked with analyzing this inventory and identifying/recommending ways to reduce the client's inventory and associated costs. Some of the issues included:

- Low accuracy of stock levels and related delays in supplying spare parts to the service centers and customers
- High inventory carrying costs
- Non-moving inventory occupying the storage space

How Corbus Helped

- Conducted a complete physical stock verification of all 3,400 part numbers
- Reconciled the system stock with the actual physical count and provided recommendations to resolve the discrepancies
- Determined the current and future demand (including life time stock) for each of the part numbers
- For the excess stock or items without demand, checked with the manufacturing team on their current and potential demand
- Analyzed the global demand (across various regional service centers and warehouses) using the client's demand manager tool
- Identified the inventor in demand at other global locations
- Identified the actual non-moving stock and recommended disposal plans to the client

Results

- ✓ Inventory accuracy improved to 98%
- ✓ 36% percent of the inventory (by value) was transferred into other businesses where there was demand.
- ✓ Around 30% (by value) identified as non-moving inventory. Disposing of the non-moving stock freed up approximately 20% of the warehouse space, which was subsequently utilized by the manufacturing division