
Measure, Manage, Monitor, Improve



KPIs For Better Business Results.



KPI Close-up On Inventory Stock Turnover

KPI:	Inventory Stock Turnover
Objectives:	Minimize emergency situations, maximize product throughput & storage assets.
High-Level Objective:	Increase asset utilization, increase working capital, increase high netback sales
Accountability:	Operations Manager
Target:	Minimize inventory levels below XX% of storage capacity and above XX% of storage capacity; turn inventory a minimum of XX times/month
Problem:	Excess inventory stock outs

In this example, the objective is to minimize stocks to reduce costs, increase profitability and make the manager's job easier.

The reality of managing inventory is different than your best plan. Ships, trucks and rail cars are late, some break down and never arrive. This causes your forecast to change dramatically. So you're managing the probability of a shortage of material in inventory against a lack of inventory capacity.

In order to come up with a statistical prediction based on the history of your inventory levels, data must be collected, stored and run through OILspace ASPect Office. Measures may include the volume of inflow and outflow of each grade of product. Then using historical data that shows a history of predictions of inventory levels relative to the actual inventory levels (ie: variance of prediction relative to actuals), OILspace ASPect Office generates the "acceptable inventory level" as your target to monitor.

Automatic email notifications can be set up and distributed to key personnel when the predicted future inventory levels get within a 95% probability of having a stock out or lack of capacity. This puts managers in a proactive position, rather than reactive. The continuous monitoring and reporting of these numbers will help you close the gap between estimates and actuals as you remove chronic transport problems.



Building Successful Supply Chains - One Solution At A Time.

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