



Advanced Business Methods:

Advanced Business Methods Cut Costs and Increases Efficiency with VALOGIX® Parts Planner

Results After Implementing VALOGIX® Parts Planner:

- *Hold for Parts Reduction: 27%*
- *Inventory Turns: Increased by 60%*
- *Inventory Reduction: 35%*
- *Time to Value: Less than 12 months*

Introduction

Concerned about controlling costs in the competitive Office Machines industry, Advanced Business Methods, a 31-year old copier dealer with 55 employees needed a solution to help them solve their most challenging inventory issues. Planning for 19,500 items using min/max levels was ineffective and costly because the levels weren't adjusted on a regular basis. As a result, the inventory became out of balance and they often had excess inventory because they couldn't keep up with the changing demands of their service department. The company turned to Valogix to help improve their inventory management by getting better visibility into their inventory mix.

Challenge

Controlling internal costs are extremely important for companies in the office machines industry since many of their customers are on maintenance contracts. Traveling back and forth to a client's site costs the company time and money. If a technician does not have the right parts on the first call, they must order the parts, wait for delivery and return to the customer location once the part is delivered. The costs directly impact a company's bottom line.

ABM, a highly successful copier dealer, was experiencing these challenges and also knew it was encumbered with thousands of dollars in dead stock. Using min/max levels and Excel spreadsheets to manage the inventory, they were unable to keep up with the massive task of planning and optimizing 19,500 items. To make

matters worse, the service technicians had thousands of dollars in spare parts in their trunk stock but they often consisted of the obsolete parts.

Even though the technicians had large trunk inventories, the *Hold for Parts* percentage was high due to lack of inventory visibility and carrying the wrong mix of items. Technicians had to reschedule calls, special order parts and return to the customers businesses later, costing the company real dollars. Inventory planning was inefficient and ineffective





“Because of the savings we’ve realized since using Valogix, we’ve been able to reduce the number of reschedules and grow our business without hiring new staff.”

–Bill Bryan

Database Administrator

Solution

After seeing a presentation made at a CDA (Copier Dealers Association) meeting, the owner knew that VALOGIX® Parts Planner was the solution they needed to fix their inventory problems.

After completing the interface for the customer’s transaction software, the Valogix application installation and training took about one day. The company was able to start using the product right away and for the first time, had an in-depth look into their inventory mix.

Immediately after opening the product, the system identified \$150,000 in dead stock. Even though some amount of dead stock is acceptable in the industry, they knew that this was a major problem that needed to be resolved and started working to rectify it.

The next step was to convince the service technicians to trust what the system was telling them they needed. They were very reluctant to give up any stock but eventually were convinced to give it a try. Now that the service technicians carry the right items, return calls have been significantly reduced and they save nearly \$50,000 every year by improved

first time fix rates. They have also decreased Hold for Parts by more than 27 percent.

They found that planning with Valogix was very easy. Trusting that the system generates reliable data, they order what the system recommends. And because they are now ordering and stocking what they need, they’ve been able to reduce their inventory investment by 35% and increase inventory turns 60 percent.

When asked if he would recommend Valogix to another copier dealer, Bill Bryan, Database Administrator had this to say, “If they’re committed to improving their inventory situation, then VALOGIX will help them get there.”



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