



# iA - Inventory Academy Client Pre-engagement Checklist

21 Oct 2021

Complete

| Score                     | 50% | Failed items | 17 | Actions   | 0 |
|---------------------------|-----|--------------|----|---|---|
| <b>Conducted on</b>       |     |              |    | 21 Oct 2021 12:30 AEST  |   |
| AMCAP - Western Australia |     |              |    |   |   |
| <b>Prepared by</b>        |     |              |    | Terrence Walmsley   |   |
| Michael Fulham            |     |              |    |   |   |
| <b>Location</b>           |     |              |    | 39 Perth Street<br>Karalee QLD 4306<br>Australia<br>(-27.573486584424845,<br>152.8160374181802) |   |
| Home Office               |     |              |    |   |   |

**Failed Items**

17 failed

**Inventory Management**
**Months Stock on Hand - (SOH/average demand)**

No

This should be contained in the system report to define the excesses and shortages.

**Inventory Management**

 o **Wastes - how defined and acceptable levels**

No

Wastes are funds that come off the bottom line. All efforts should be made to ensure that there a no wastes. Where they occur, they should be reported and RCA applied.

**Inventory Management**

 o **DOT**

No

By exception. Usually reported on failure.

**Inventory Management**

 o **Empty pick faces**

No

Not known at the time of audit discussion

**Inventory Management**

 o **Empty reserves**

No

Not known at the time of audit discussion

**Inventory Management**
**How often is formal inventory training conducted?**

Never

Training and communications are the two key elements to consistency and performance level maintenance. If they are not present, it will impact the business ability to migrate to new opportunities.

**Inventory Management**
**Are financial delegation approval levels used?**

No

Should be on the table to protect the business interests and safeguard against potential fraudulent activities

**Inventory Management**
**Is a slotting tool used for warehousing efficiencies?**

No

Have WMS Manhattan. Michael to determine whether MSO was included within the version purchased in 2014.

**Inventory Management**
**How often is it run/reviewed?**

Never

Needs to be optimised. Could align to voice and zone pick processes.

### Inventory Management

**How often are the reporting metrics reviewed?**

Never

Should review all metrics for their substance and relevance. Should change and align to current process and function

### Inventory Management

**Is 5S use evident?**

No

This would benefit. It is basic and teaches staff the primaries in process requirements.

### Inventory Management

**Are processes measured on site for benchmarking purposes?**

No

You cannot improve what isn't measured. Process capture should be introduced to discover true cost, delays, process wastes, transportations and consumables tied to process.

### Observations / Safety

**MHE use?**

Non-Compliant

30 pieces of MHE. Some are owned by the business. There is also base level automation - motorised conveyor which channels through pick zones (target voice pick functions)

### Warehouse

**Is the warehouse layout conducive to operational efficiencies?**

No

Flow for layout design to be reviewed. Are all operational requirements needs met? As in functional area design, layups, put away, new product, etc. All should be defined and area allocated for each.

### Warehouse

**Are the SKU slots best suited for the type of inventory?**

No

SKU dimensional data and slot parameters will reveal the anomalies. Optislot is a powerful slotting tool that will allow for bespoke customised profiling

### Warehouse

**Is the warehouse flow logical - In/Out without cross over?**

No

Function and process review required. A workshop would benefit staffs to better understand warehouse functions and flows.

### Warehouse

**Is there excessive space available?**

No

A site survey and system data would confirm the business warehouse status

## Inventory Management

12 failed, 50.98%

### Executive Directions

**Does the company have a policy of shelf stock and velocity? (ie. to hold 'x' weeks worth of stock on the shelf)**

Yes

Reviewed monthly. Requires a defined management period to be able to calculate Min Max via supply equations.  
 $Max = Dmd\ Average (PLT + CP + SM)$

**Does the business have a Risk Management policy?**

Yes

Noted, not observed or reviewed.

### Inventory Management functions

**How often are Position Descriptions reviewed for relevance against current processes?**

Annually

Needs to be reviewed in line with the annual performance reviews. This will ensure current skill set requirements have been identified. Staff to casual layout approx 75 to 25 percent. 60 warehouse staff in total. Training focused on multi task operators. Inbound volumes variable (average 1800 lines per day). Pick and pack volumes variable (average 5500 lines per day. Observation - voice pick presents as a viable option.

**Is there a scrap/environmental policy?**

Yes

There is an environmental policy however there is not a process identified that identifies the handling of scrap. As there is lost revenue to be made by this process, it should be reviewed.

### Software management

**What type of software is used for the inventory management function?**

WMS Manhattan

Fujitsu code. Changing to Titan Feb 2022 and May. The DMS system is more dealer focused than traditional ERP/MRP. An integrated system such as Accumatica may have provided a better choice. As long as it can interface with Manhattan, it should not present too many issues. The key will be with the type and volume of data fields in Master Data.

**How many spreadsheets have been created to support the inventory functions?3**

Not known at this point. It has been confirmed that MD Bi is used. More understanding required here to understand their need and functions performed.

**Does the inventory team manage the system Master Data?**

Yes

Inventory manages Master Data for the OEM site based functions. The level and detail captured by Fujitsu is still to be reviewed. The data fields required to move the business forward from a tech and mech viewpoint is still to be defined and understood by AMCAP. The mining purchasing team maintains MD for mining SKUs. Under this disjointed arrangement, there would be concerns with Master Data integrity.

### KPI's

**Can you export a detailed Locations report to Excel?**

Yes

There should be a report detailing SKU Master Data with velocity and location data provided that will allow quick data analysis, system generated and provided to a designated staff member to conduct the necessary reviews and actions.

**Can you export a detailed Stock on Hand report to Excel?**

Yes

There should be a report detailing SKU Master Data with stock on hand, velocity and location data provided that will allow quick data analysis, system generated and provided to a designated staff member to conduct the necessary reviews and actions.

**Can the above reports be easily modified?**

Yes

Preferred as an Excel file. This will allow for Pivots and sheet copy functions within the workbook.

**Are KPI's used inline with inventory functions?**

Yes

Cost, pick, lines processed. Seal times 7:30, 10:30, and 13:30. DIFOT as the primary captures the full warehousing functions. Current DIFOT set 95%.

o **SOH value - compare against budget forecasts (filter to define excesses and stock-outs)**

Yes

Excesses are reviewed in line with customer orders. POs raised for non stocked items should be raised against confirmed orders.

**Stock Turn Ratio**

Yes

3 to 4 - which is standard for engineered stores. Benefits can be realised on service component SKUs.

**Months Stock on Hand - (SOH/average demand)**

No

This should be contained in the system report to define the excesses and shortages.

o **Wastes - how defined and acceptable levels**

No

Wastes are funds that come off the bottom line. All efforts should be made to ensure that there are no wastes. Where they occur, they should be reported and RCA applied.

o **Excess inventory**

Yes

Reviewed against demand. Action for system notifications to be sent

o **Obsolete inventory**

Yes

Laz. To define process and actions in addition, frequency and by whom.

o **DIFOT**

Yes

95% - The system scripts on failure should be discussed with the solutions team.

o **DOT**

No

By exception. Usually reported on failure.

o **DIFOTIS**

N/A

o **Empty pick faces**

No

Not known at the time of audit discussion

o **Empty reserves**

No

Not known at the time of audit discussion

o **OOO SOH value**

Yes

Laz to provide more details on process capture and reporting

o **Stocktake progress**

Yes

2 types of stocktake processes are conducted. The business has 20 RF available. CitrusLime was suggested as a supplemental process that could improve the capabilities.

**Were the KPI's designed from metrics or system created?**

System

Both. The business KPIs in relation to the supply chain business are still to be reviewed for process mapping and SOP draft. Easily transitional to training and staff development

## Communication & Training

**Communication - how frequently are Inventory Toolbox discussions held?**

Daily

Laz - structure and content to be reviewed.

**How often is formal inventory training conducted?**

Never

Training and communications are the two key elements to consistency and performance level maintenance. If they are not present, it will impact the business ability to migrate to new opportunities.

## Purchasing

**Does the inventory staffs also perform purchasing functions?**

Yes

Also non inventory as well. This is an area for review for its impacts on Master Data.

**Are financial delegation approval levels used?**

No

Should be on the table to protect the business interests and safeguard against potential fraudulent activities

**Do staffs manage MIN MAX calculations?**

Yes

Reviewed monthly. Need to review and understand the functions for process accuracy and alignment to reality.

## Continuous Improvement

**Is a slotting tool used for warehousing efficiencies?**

No

Have WMS Manhattan. Michael to determine whether MSO was included within the version purchased in 2014.

**Does your IMS contain pick path function?**

Yes

Review the flow.

**How often is it run/reviewed?**

Never

Needs to be optimised. Could align to voice and zone pick processes.

**Does the site engage with any Production Platforms (eg. TQM, Lean, Six Sigma)**

Yes

More cultural engagement required to promote the benefits. Signage, and 5S+3.

**How often are the reporting metrics reviewed?**

Never

Should review all metrics for their substance and relevance. Should change and align to current process and function

**Is 5S use evident?**

No

This would benefit. It is basic and teaches staff the primaries in process requirements.

**Are processes measured on site for benchmarking purposes?**

No

You cannot improve what isn't measured. Process capture should be introduced to discover true cost, delays, process wastes, transportations and consumables tied to process.

**Observations**

1 failed, 80%

**Safety**

1 failed, 80%

**MHE use?**

Non-Compliant

30 pieces of MHE. Some are owned by the business. There is also base level automation - motorised conveyor which channels through pick zones (target voice pick functions)

**Safety equipment?**

Compliant

**Traffic Management**

Compliant

Half way there. Michael identified more work required. Suggest to adopt Gemma walk and interact with staffs for buy-in and suggestions

**Does the site comply with general safety requirements?**

Yes

Pending observations

**Racking?**

Compliant

Recent review. Weekly inspections conducted. Maintenance costs?



**Sign Off**

1 Oct 2021 14:09 AEST

Handwritten signature in black ink that reads "FT for Michael".

**Michael Fulham - AMCAP**

21 Oct 2021 17:17 AEST

Handwritten signature in black ink, appearing to be "Terrence Walmsley".

**Terrence Walmsley - The Awesome Group of Companies**

21 Oct 2021 17:16 AEST

**Warehouse**

4 failed, 0%

**Is the warehouse layout conducive to operational efficiencies?**

No

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**Are the SKU slots best suited for the type of inventory?**

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**Is the warehouse flow logical - In/Out without cross over?**

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**Is there excessive space available?**

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