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1. 0 Executive summary

The report has been drafted in accordance with the findings of problem(s) in a chosen company, thus leading to suggested solutions. It actually aims at the aspect of inventory and stock management problem in one of the shops of Jones Boot Maker, a renowned manufacturer of exclusive range of shoes and leather accessories for both genders. The retail outlet, we have visited, generates around 1. 5 million GBP of turnover annually. But the shop is suffering from stock loss resulting substantial amount of money.

In the process of development of consultancy skill, we have discovered related solutions, as introducing a new automated computerized system, which will enable the company to manage the inventory more efficiently and flawlessly. Moreover, we have suggested the enhancement of the stock handling by giving the proper guideline to the employee. The proposed solution, we think will even increase the competitive advantage of the shop as the supply chain management and inventory controlling are vital components for a company to ensure a profitable and learning technology driven business in the long run.

2. 0 Consultancy overview

The aim of this consultancy report is to bring about the change in the management of the inventory of the retail outlet, which we have observed in the last 3 months. The other group member including me had our critical analysis of the problems and the opinions that we had in a professional and relevant manner. The shop needs to update its manual stock handling system to the automated one, which we have suggested. In that relation, we

suggest to employ a system analyst to explore in depth of the feasibility of our proposed solution.

Once the new system has been approved and proved to be quite functional regarding the business nature, it can be launched immediately after the proper training to the employees of the new system.

3. 0 Project Aim:

3. 1 To identify and analyse the problem(s) that the retail outlet of Jones Boot Maker is experiencing and to design a pattern of solution(s) that can be easily and effectively worked out.

3. 2 To propose the idea of implementing a new automated system for the Inventory management system leading to prevention of stock loss.

3. 3 To carry out in depth investigation for the feasibility of the suggested solution.

3. 4 To explore the horizon for alternative solutions and relevant assistance.

4. 0 Overview of the Company:

Jones Boots Maker Company began in 1857 in Bayswater in London. It is specialized in traditional shoe making. By 1955 the number of shops had outgrown the factories production capacity and the company joined Church & Co - the world famous Northampton shoe manufacturers. In 1994, Prada acquired the Church group and a consortium consisting of Peter Phillips, Ken Bartle and Lance Clark subsequently purchased Jones. It is the new owner's intention, to develop the Jones Boot maker brand which, caters for Young

Professionals. This has great appeal to the mid to high grade market and the new owners will build upon this strength.

It has 106 outlets all over UK. It has 15 outlets in the capital London.

We have selected the retail outlet located at Covent Garden. It has yearly turnover of 1.5 million GBP.

5.0 Problem identification

5.1 The retail outlet is facing the Disorganisation of the stock room; that includes

5.2 Improper stock handling by the employees and missing of stocks due to manual procedures of stock management;

5.3 Frequency of stock counting is not appropriate regarding severity of the current problem.

5.4 The shop could have used the Latest technology which is available in current time, such as EDI(Electronic Data Interchange) system, Barcoding the product range and a central database system.

5.5 The shop is not efficient in ordering the forecasted demand of the goods to the supplier, as this case the head office.

5.6 The cost is higher in communication with the supplier for the new delivery of the stock and delay in delivery is observed due to manual processing.

5.7 All the above problems leading to substantial loss of capital thus profit.

6.0 Problem analysis

One of the most important aspects of logistics concerns questions related to inventory. The amount of inventory that should be held and its location within a company's logistics structure is vital in order to meet customer service requirements and expectations. Inventory costs are one of the major logistics costs for a large number of manufacturing and retail companies and they can represent a significant element of the total costs of the logistics. One of these costs is Risk Cost, which includes pilferage, deteriorations of stock, damage and stock obsolescence. My client is incurring this cost due to stock loss. On the other hand, as a busy retail outlet, the stock handling procedures are less manoeuvring and time consuming. The employees are not well trained in this perspective.

I have suggested the introduction of an automated system for the above problem and proper training of the employees. This not only will help to reduce significantly the stock loss but in addition it will help to build a strong supply chain relation with the manufacturer in the future.

7.0 The Concept of Automated System:

There can be no doubt that the availability of cheap computing power has led to dramatic developments in the science of logistic management. The ability to pass information and control over stock via electronic data interchange is being exploited by more and more companies daily. Information systems and associated hardware used in supply chain management fulfil different roles. The followings are the proposed tools for the client to overcome the stock management problem.

7.1 EDI (Electronic Data Interchange)

EDI has been defined as computer-to-computer exchange of structured data for automatic processing. EDI is used by supply chain partners to exchange essential information necessary for the effective running of their businesses. For example, Retailers can supply Electronic point of sale (EPOS) data directly to suppliers, which in turn triggers replenishment of the items sold. EDI also provides timely information about customer's sales, which is highly accurate and very efficient because it does not require staffs to collate the information manually. EDI is used to send invoices, bills of lading, confirmation of dispatch, shipping details and any information that the linked organizations choose to exchange.

The main advantage of EDI are_

- * Information only needs to be entered on to the computer system once;
- * Speed of transaction;
- * Reduced cost and error rates.

7. 2 Bar Codes

A bar code is the representation of a number or code in a form suitable for reading by machines. Bar codes are widely used throughout the supply chain and stock management to identify and track goods at all stages. For example, goods received in a warehouse may be identified by the warehouse management system and added to stock held in the warehouse. When put away, the bar code is used to associate the storage location with the bar-coded stock, and on dispatch the stock record is amended. The use of barcodes can speed up operations significantly.

8. 0 Initiative to problem solving:

A new automated system before implementing should go through different phases, which include feasibility analysis, design phase, analysis of components requirements (software and hardware), training to the employees and the cost of implementing the system.

The feasibility analysis shows that, the proposed solution is viable in that retail outlet.

In that perspective I have drawn a DFD (Data Flow Diagram) as a design phase.

The DFD (Level 0) is shown below_

Level 0 DFD

The above Diagram reflects the design phase of proposed EDI system. It is customized for the need of the shop. From the diagram, a customized software can be coded.

Alternative Solution:

Alternatively the shop could go for ready made software solution for the new system. But the limitation is, there is no scope for further updates or alteration according to the need of the business.

Manager's Opinion:

I asked the manager whether we will go for the customized inventory management software or generic one. He told us that, his business would be better off with the customized one as it is properly tailored with the current needs of the business.

Hardware requirements:

One up to date server computer connected with till system, product check gun, Barcode reader, Hub, network cable, Modem.

Software requirements:

Windows(r) NT server operating software, Office program software, internet application.

9. 0 Proposed Solutions:

9. 1 Introduction of the new system (EDI) which will help in overcoming the loss of the stock;

9. 2 Changing the layout of the stock room, which include using as much space as possible for different aisle for different product range. And each aisle will contain a barcode specific to the product that can be scanned by product check-gun to identify and locate products. The check-gun should be linked via radio wave link to the main inventory system.

9. 3 On the arrival of new stock, each product cart should be checked and counted via product check-gun and thus put out properly and accordingly in the stock room.

9. 4 To check whether Inventory data are updated in a regular basis;

9. 5 Before implementing the new system, Stock counting should be done once a week at least manually and record should matched with previous data. That will give more control on stock management.

9. 6 Hiring a supervisor for the stockroom until new system is implemented. He/She will be responsible for the good coming in and going out.

9. 7 Contracting a System analyst to verify further feasibility analysis of the system and evaluating the costs of implementation of the system.

10. 0 Recommendation.

10. 1 The proposed solution is only viable, if the benefit actually overruns the costs, which are involved in implementing the system. So, it is advised to take into account that, the estimated cost should match the allotted budget.

10. 2 If implementation of the new system takes long time, it is advised that, till then employees should be more vigilant and careful in stock handling. They can be provided any related short training.

10. 3 The business should consider in long term benefit, because implementing the system will incur substantial cost in the short run.

10. 4 If the system is implemented, the employees as well as the manager should go under training for using the new system. The system Engineer can assist them in that case.

11. Conclusion

As far as the project concerns regarding the problem, found in the investigation in last three months, it is obvious to me that, the solution(s) is tailored to the business needs and always aimed at the improvement of the current situation. In this age of technology revolution, it is vital to cope up with the current flow of improvement of different sectors of an organisation due to technological impact. The retail shop can have a competitive advantage by adopting the new system for Inventory management. Moreover, it can cut the cost in long run by eliminating manual procedures.

The skill of the employees will also increase as they will be dealing with more secure and flawless method of stock management. It will also enable them to upgrade or change the system as required by the business. I strongly believe that, the management will consider this proposal for the prevention of the stock loss, currently as they are going through.

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