



Translectric

Agricultural & Construction
Equipment Parts Distributor
Gains Positive Business
Impact with VALOGIX®
Inventory Planner

“In such a tough economy, businesses have to find ways to trim the “fat” and increase service at the same time. VALOGIX not only helps Translectric do that, but our dealers benefit by not having to carry large quantities of stock and still be able to get what they need when they need it.”

Scott Toll, Operations
Manager, Translectric

Quick Facts

Company

- Name: Translectric Inc.
- Location: Jackson, Missouri, USA
- Industry: Parts Distribution
- Products and services: Agricultural and Construction Equipment Parts
- Items in inventory: 8,000
- Website: www.translectricinc.com

Challenges and Opportunities

- Automate planning of 8,000 inventory items
- Reduce number of back-orders
- Increase customer satisfaction
- Reduce dead and excess stock

Objectives

- Implement an integrated automated planning and replenishment software system
- Enable buyers to take advantage of shipping and purchasing discounts by having access to real-time data
- Increase sales through better inventory availability & reduced back orders

Software Solutions

VALOGIX® Inventory Planner

Why VALOGIX

- Software designed specifically for the distribution and light manufacturing environment
- Industry expertise and proven ROI
- Tight integration with the host ERP and fast implementation time

Benefits

- Access to inventory data in real-time mitigates back orders and dead stock
- Automated forecasting and optimal stocking quantities increase productivity of planning staff
- Ability to accurately stock shelves results in fewer lost sales and back-orders
- Identification of dead and excess stock significantly reduces capital investment
- Sharing forecast with vendors secures best pricing and shipping discounts
- Return on Investment in less than 3 months

Previous Environment

Non-integrated Excel spreadsheets and in-house business systems





“One very significant benefit from the implementation is the bottom line—we are buying smarter and our inventory is turning quicker. As a result, our service level increased to more than 95% and our revenue is up 10% from the previous year; VALOGIX was a wise business investment.”

Jim Monteith, Chief Information Officer
Translectric

Planning at Translectric for 8,000 inventory items using Excel spreadsheets and “best-guessing” was a time-consuming and arduous manual process. *“Planning for inventory took several hours a week and we still weren’t able to accurately forecast our inventory needs,”* says Scott Toll, sales manager for Translectric. *“Our Excel spreadsheets and dated software systems could not provide us with the information we needed to keep up with our customer demands. As a result, we had a significant number of back orders and at the same time, a huge inventory of dead and excess items.”*

Translectric knew it needed to implement a new system that would manage all aspects of its business processes, including inventory planning and optimization. Translectric chose to implement VALOGIX® Inventory Planner due to its tight integration and strong return on investment.

Translectric, a 43-year old parts distributor for the automotive and heavy equipment industries, with 18 employees, had outgrown the

software applications it was using to run its business. With an inventory of over 8,000 unique items, planning required several man hours per week and still they were burdened with dead and inactive stock, while also having frequent stock outs on their fastest selling items.

Gaining control over their inventory situation was a top priority in order to provide customers the kind of service expected in a highly competitive market.

Lack of Information Creates Inventory and Service Issues

Having access to up-to-date, dynamic information is imperative to businesses that sell a large number of unique and fast moving items. Because of the relatively static information the planner was using from the Excel spreadsheet when preparing orders, they often ordered the incorrect amount of items at the wrong times. To compensate, the planner placed large inventory orders at the beginning of the fiscal year, putting the company in financial strains until inventory started selling several months later.

Despite purchasing large amounts

of stock, the company was plagued with a high number of back-orders, leading to lowered customer satisfaction and decreased revenue from lost sales and high expedited shipping costs.

Throughout the year, the planner would order additional parts on an as-needed basis after spending hours each week evaluating reports to identify which items had hit their minimum fill rates. Because of the irregularity of the orders, they were unable to take advantage of supplier discounts and shipping credits. At the end of every year, the company was burdened with tens of thousands of dollars in dead and excess stock.

The Right System at the Right Time

The Valogix Partner worked closely with Translectric’s management team to identify requirements for each aspect of the business and completed a discovery session of the existing inventory planning processes. Upon conclusion of the assessment, the reseller recommended VALOGIX® Inventory Planner. After consulting with Valogix’s inventory planning experts, Translectric’s management team made the decision to include VALOGIX in their ERP solution set.



“After using Valogix for two years, we are very satisfied with the ROI it provides Translectric. It has more than paid for itself in a very short time and is a tool that just keeps giving back— it helps us and our customers save money year after year.”

Scott Toll, Operations Manager
Translectric

The VALOGIX implementation took less than one week and the planner was able to compare the current on-hand inventory value to the VALOGIX optimized inventory the first time he opened the software. He was surprised to see the potential to reduce their inventory by \$300,000 and began collaborating with sales and management to develop a plan to reduce it.

“VALOGIX was incredibly easy to install and setup,” says Jim Monteith, Chief Information Officer for Translectric. “Because of its rapid installation and the ability to start working in it right away, we were able to identify a large inventory issue and take immediate steps to correct it.”

Once the team began using the system, they found the numbers generated by VALOGIX almost too good to be true. *“When we first started using VALOGIX, we double checked all the data because we weren’t sure the numbers the system was giving us would cover our needs,”* adds Scott. *“After a few months, we realized that the numbers were right on, and now we rely solely on the information from VALOGIX.”*

Better Information Equals Better Business

Since implementation in 2006, Translectric reduced their inventory by nearly \$200,000 (20%) and dead/inactive inventory by 65%, while at the same time, realizing a 35% reduction in back orders. Planning time has been reduced by 85 percent.

Translectric shares the forecast generated by VALOGIX with their vendors to secure the best pricing and shipping discounts (an average 3% discount) and their vendors can better supply them since they know what will be ordered in advance.

Most significantly, revenue has increased by more than 10% and inventory turns have increased by more than 300%. Overall, Translectric estimates their return on investment of VALOGIX was fewer than 11 weeks.

“The time VALOGIX saves me alone has more than paid for the solution. The cost savings in the reduction of inventory and back orders is really just the gravy. VALOGIX has far exceeded our expectations,” notes Scott.



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