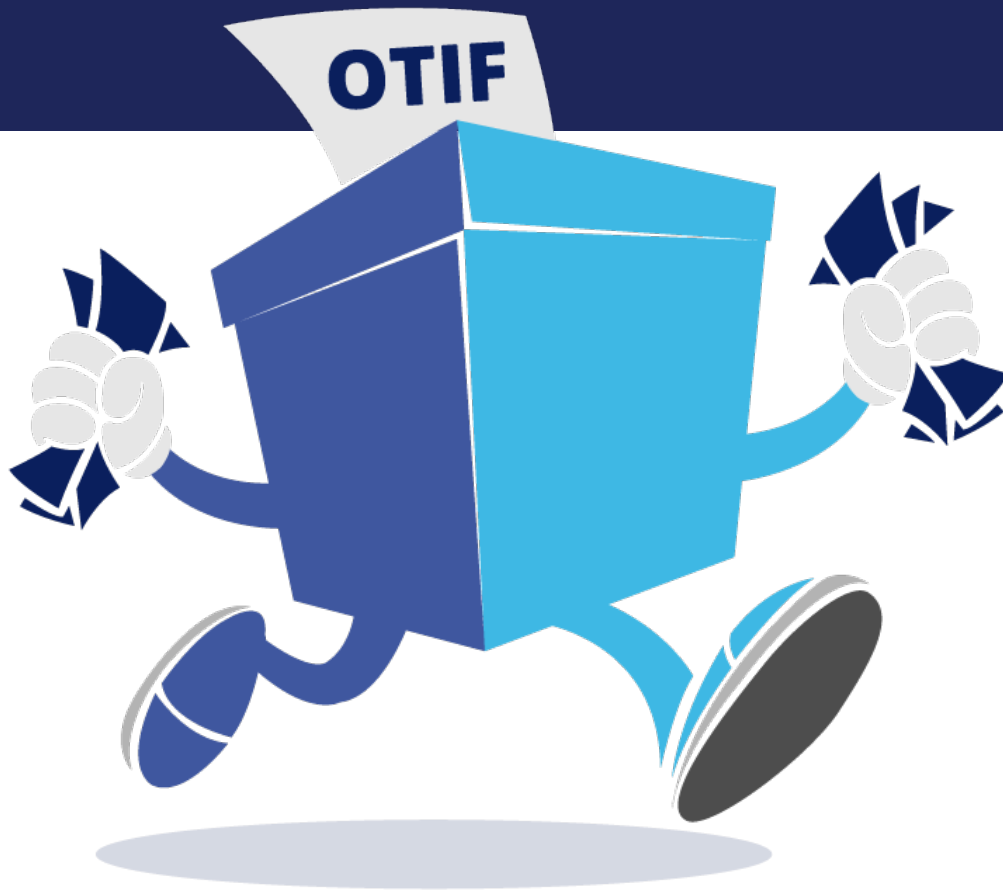TR3

Living with OTIF

It is a Win-Win to Improve Retailer Performance and Lower Expenses

OTIF

Overview

OTIF presents a challenge to most CPG manufacturers who find themselves optimizing between avoiding fees and supply chain costs; however, it is more complex than that because persistent on-time and in full struggles have a direct impact on sales, resulting in empty shelves and missed sales, and can lead to shelf space awarded to competitors.

No question, there are a lot of moving parts in there, and trying to control everything generally isn't possible. We've learned through experience that there are a handful of actions in the area of Walmart OTIF analytics your team should take; some are proactive where your advanced planning will be rewarded, and others are reactive with small windows that can provide high value results. Read on.

Prepare for Demand

Having a realistic picture of future demand and recent forecast accuracy will arm a demand planning team with the information needed to ensure production reflects reality.

TR3's approach is to provide retailer forecasts and our own in-house recommendation to dial-in historical forecast accuracy and provide an easy tool to model future demand. Relying on an improved (internal) forecast that uses the best currently available information and adjusts for past inaccuracies will improve the accuracy of demand forecast making a supplier poised to fulfill orders.

Attack In–Stock Issues

In-stock issues can drive inconsistent swings in inventory, creating a situation that is difficult to control. Sudden or prolonged dips in in-stock availability will lead to last minute, large orders that will challenge a supply chain.

When TR3 identifies in-stock issues, we do not just alert our customers; we also identify the root causes. This allows teams to take quick action. When possible, we provide the option to respond via a one-click fix, so that the team can confidently move onto the next pressing issue.

By staying on top of forecasting issues, shelf settings and minimum order quantities, CPG manufacturers can control the amount of inventory that stores carry and smooth out order patterns.

OTIF Alerts

I Monitoring current OTIF scoring allows your team to act when scores approach or fall below target levels. Rather than having teams look through reports to keep track of score, we push out alerts based on thresholds that you define; giving teams advance knowledge and a window within which to react. Forewarned using an all-in-one tool such as the TR3 OTIF Dashboard is forearmed.

Carriers Matter

It is important to evaluate carrier performance and to adjust logistics settings to reflect true lead times. Otherwise, all the demand planning and inventory control will not prevent fees from piling up.

TR3's Carrier Scorecard function will help adjust lead time settings with recommendations based on historical carrier performance. It can also be used to highlight carriers who consistently under-perform, enabling supplier to tighten up their on-time performance..

Pre-emptive Intervention

In some cases, you can anticipate problems before performance is impacted, specifically with fill rates and supply shortages.

For fill-rate issues, TR3 has found that flagging DC/Item combinations that have been problematic in the past is the first step to be pre-emptive. Your team will be notified as flagged orders are received, allowing them to intervene with the retailer to delay or cancel as appropriate.

In a worst case, where supply is just not available to meet demand, your team will need to direct the limited inventory to where it can be put to best use. This means making trade-offs, determining if partial orders are acceptable, and deciding which stores will have their needs met, leaving other stores short of needed product. TR3's Inventory Triage tool will help guide those decisions to get the most sales from the fill limitations.

Trust but Verify

There is a small window to dispute OTIF fees, so it needs to be a turnkey process to analyze the large amount of shipping and logistics data from the retailer portal.

Which is why TR3 has created a single source that allows access to prior week early and late PO's and compares them against carrier reported data. Performing this comparison on a regular, timely basis will enable teams to dispute any fees as needed before the window of opportunity closes

A Team Effort Can Stop Leaks

As detailed above, CPG suppliers need a multi-pronged approach to ensure they are achieving their retailer service level goals and avoiding unnecessary fees. TR3 provides a solution that highlights and alerts on OTIF performance, as well as corrects the underlying causes of OTIF performance issues. OTIF is not a problem simply facing a logistics team; all areas of the business across sales, replenishment, logistics and demand planning need to participate in this mission critical area – ask us how TR3 can help!

About TR3

TR3 enables CPG manufacturers to improve the performance of their business through key channels with over a hundred retailers in the US and globally including Walmart, Target, Amazon and Dollar General. Our cloud-based solutions transform retailer data assets into actionable insights and actions for sales, supply-chain, logistics, category, demand planning and other internal teams

TR3 is a private company headquartered in Stoneham, Massachusetts.