

Van Ommen increases service level and return on capital

Van Ommen, based in Apeldoorn in The Netherlands, supplies a wide range of tools for metal cutting and related products for the trade. It has done so successfully for more than 55 years and has had an average annual growth rate of 15% in recent years. In order to manage the expansion, Van Ommen invested in a Forecasting and Inventory Management tool. A year after implementing Slim4 the service level has increased from 94% to 98.5%, while total inventory has been reduced. Slim4 has helped Van Ommen gain much better control over the total purchasing and inventory management process.



“The service level increased from 94% to 98.5%”

Van Ommen has more than 18,000 different items available from stock. David Whitehead, Purchasing and Logistics Manager: “This is one of our strongest USP’s. If we don’t have it on stock, nobody does”.

Despite already having a well running supply chain, Van Ommen decided to be more ambitious. They wanted to improve the visibility of their inventory and the demand patterns of their customers. “This was the only way to manage the planned growth. We wanted to have the ability to anticipate the developments of our customers,” Whitehead says. Therefore, Van Ommen’s first goal was to attain significantly higher availability of products to their customers. After achieving this, a reduction of total inventory levels was the next goal. In Slim4, Van Ommen found the right tool to accomplish both these objectives.

“In order to do real Inventory Management, you need a system that offers you good demand planning and forecasting. Axapta, although being the perfect ERP-solution for our company, could not offer us that. It does not look ahead and cannot help optimise logistic parameters. Because Slim4 offers this functionality, and because of the excellent integration with Axapta, the decision was easy”. According to David Whitehead the system is extremely powerful at Management by Exception. “If the actual monthly demand is in line with the forecast, there is no reason to spend time or effort on managing these items. Slim4 clearly indicates everything which is unexpected, and those are the items that really need the attention of our planners. In this way, we can focus our efforts. Otherwise it wouldn’t be impossible to manage 18,000 items effectively.”

Van Ommen did not have to wait long for results, within a year after the system going live the service level increased from 94% to 98.5%.

In addition to the rise in service level, stock turn increased by 20%. “This has increased the return of the capital employed in our warehouse” Says Whitehead. “These results are mainly due to the new software. The information from the system has also made it possible for the management to take the right decision on future policies.”

“But those who really want to excel at Inventory Management should not sit around and wait. To get the last 20% of potential improvements you definitely have to use your own experience and analytical powers as well. Only then you will make the best management decisions.”