

I need to identify inventory issues.

>>> SALES THRESHOLD

You are doing your weekly reporting and notice that sales levels look low for a specific category of products. You want to know if inventory issues may be the root cause.

Specifically, you want to identify stores where there might be phantom or invalid inventory for these products.

Use the **Sales Threshold*** report to get this information.



1. **Select the report.**
 - In Sales, launch the Sales Threshold report.
2. **In Date Filter, set the time period you want to see results for.**
 - Typical choices include last month, last 13 weeks, or last 26 weeks.
 - Your date range depends on the product type. You may use shorter time periods for Fast-Moving Consumer Goods (FMCG) and longer ones for low turnover products.
3. **In Product Filter, select the category/brand/SKU you are analyzing.**
 - Use dropdown menus to filter down to the category and products you want to see results for. Typically, you will select by brand or SKU.
4. **In Store Filter, select all or some stores.**
 - For results across all stores, select all stores and exclude closed stores.
 - If you've already identified stores with low sales levels that you want to analyze inventory for, use the dropdown menu to select only these store numbers.
5. **In Summarization, define how you want results displayed.**
 - Summarization is similar to pivot.
 - Select Store/Location in Rows. Add attributes as needed. Typical choices include a regional/store manager attribute or a store format.
6. **In Metrics, select those that help assess inventory on hand.**
 - Metric options will vary. For example: Stores supposed to be carrying the products (Stores Authorized/POGed/Planogrammed/Replenished), Last Receipt Date, Units Since Last Receipt, Sales Since Last Receipt, Store On Hand (OH) End of Period (EoP) Units*.
7. **In Threshold, select the maximum sales threshold.**
 - Select 0 to see stores that have sold no units over the time period.
8. **Click Analyze to see results.**
 - You can always go back to your selections, modify them, and rerun the report iteratively.

**If you would like access to this report or metrics, contact your sales representative.*

Interpret Results

To analyze results, consider these questions:

Is the store supposed to be carrying the product (Stores POGed= 1)?

- You would typically focus on the stores that are authorized to sell the product.

How many units are on hand?

- A negative value may indicate invalid inventory: the product was sold but never scanned as received.
- A high value may indicate phantom inventory: the store shows a very large inventory but might actually be out of stock.

The below example shows results for stores with a maximum of 0 units sold over a four week time period.

Sales Threshold Report for a cookie brand

Store	Stores POGed*	Store On Hand EoP Units	Last Receipt Date	Units Since Last Receipt	Sales Since Last Receipt
3640	0	438	07/14/2019	3,639	\$5,103.22
11658	1	-212	06/21/2019	2,931	\$3,210.93
7934	1	6	06/21/2019	4,282	\$4,250.41
2875	1	1,369	07/02/2019	1	\$3.50

EXAMPLE

Findings:

- Store 3640 has inventory on hand that is not planogrammed.
- Store 11658 has invalid inventory levels (-212 units).
- Store 7934 has very little inventory (6 units).
- Store 2875 has not sold any product in the last four weeks, claims to have 1,369 units on hand, and seems to have sold one unit for \$3.50 since the last receipt in July.

Conclusions:

- Store 3640's inventory should be allocated if in the back room or adjusted if it's phantom inventory.
- Store 11658 would make a good candidate for an in store audit.
- Stores 7934 and 2875 probably have phantom inventory and may be out of stock. For Store 7934, it is unlikely that inventory did not turn over in a 4 week period. For Store 2875, it is unlikely that it is carrying 1,369 units, which takes up a huge amount of space.

Next Steps

- Filter the resultant output to just locations that are authorized to sell product based on the Stores POGed column and sort down on the Store On Hand EoP Units column to identify stores with the highest inventory levels.
- Rerun the report at the SKU and Store level and sort up on the Store On Hand EoP Units column to identify stores with the most concerning negative inventory issues.
- Summarize results and work with your retailer's replenishment manager if you are a supplier, or with the store operations and demand chain if you are a retailer, to understand what happened.

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