

## NEW!! *EIM* Version 3 Spreadsheets!

An exciting new tool has just been released by *EIM*, Inc. that implements the principles of effective inventory management! The Version 3 Spreadsheets feature our newly designed EIM Inventory Performance Simulator which combines the analysis performed by several of our individual spreadsheets into one! And, it will allow you to perform the analysis for up to 100 items at a time *just by loading your data into a single worksheet*.

The Version 3 Spreadsheets contain:

1. The *EIM* Inventory Performance Simulator and
2. 4 additional Excel spreadsheet templates:
  - a. Price Break (Item)
  - b. Price Break (Vendor Line)
  - c. Price Break (Terms – Freight)
  - d. Value of Lost Inventory

All loaded onto a CD-ROM, a hard copy of each spreadsheet, and detailed instructions, all packaged in an attractive binder. *EIM Version 3 Spreadsheet* templates provide valuable tools for any organization using any computer system.

## Features:

The EIM Inventory Performance Simulator allows you to perform forecasting, replenishment, and investing analysis on up to 100 items at a time by just loading your data into one single worksheet. In one data entry action, automatically populates data and calculation fields on several worksheets which previously had to be done separately. Areas of analysis include:

- Differentiate types of usage
- For items with recurring usage, identify the best forecast formula from 9 methods preloaded into the spreadsheet; calculate the forecast and suggested replenishment parameters:

Whse	Product ID#	Product Description	Formula	Forecast	Unit Cost	Avg Order Value	Lead Time	Safety Stock Qty	Order Point	Line Point	SOQ
1	Prod-2851	Desc-2851	3Mo	10	\$ 51.20		169	6	60	65	10
1	Prod-2852	Desc-2852	ExpSmth2	2	\$ 14.94		114	4	11	12	3
1	Prod-2853	Desc-2853	6Mo	4	\$ 51.20		7	9	10	12	7
1	Prod-2854	Desc-2854	AvgShp	3	\$ 65.90		126	6	19	20	5

- For items with sporadic usage, calculate normal qty sold/used in one transaction as well as minimum and maximum quantities:

Whse	Product ID#	Product Description	Lead Time	Order Cycle	Avg Usq	Mo w/ Sls (12 Mo)	Mo Since Last Usq	Target Stock	Minimum	Maximum	Planned Excess
1	Prod-23	Prod Desc-23	35	14	0	0	12+	0	0	0	0
1	Prod-24	Prod Desc-24	7	14	0	0	12+	0	0	0	0
1	Prod-25	Prod Desc-25	5	14		8	1				
1	Prod-26	Prod Desc-26	11	14		8	1				
1	Prod-27	Prod Desc-27	15	14	2	7	1	6	4	6	4
1	Prod-28	Prod Desc-28	16	14	4	2	5	4	0	0	2
1	Prod-29	Prod Desc-29	14	14	1	3	1	1	1	1	5
1	Prod-30	Prod Desc-30	16	14		10	2				
1	Prod-31	Prod Desc-31	14	14	1	7	3	3	2	3	5

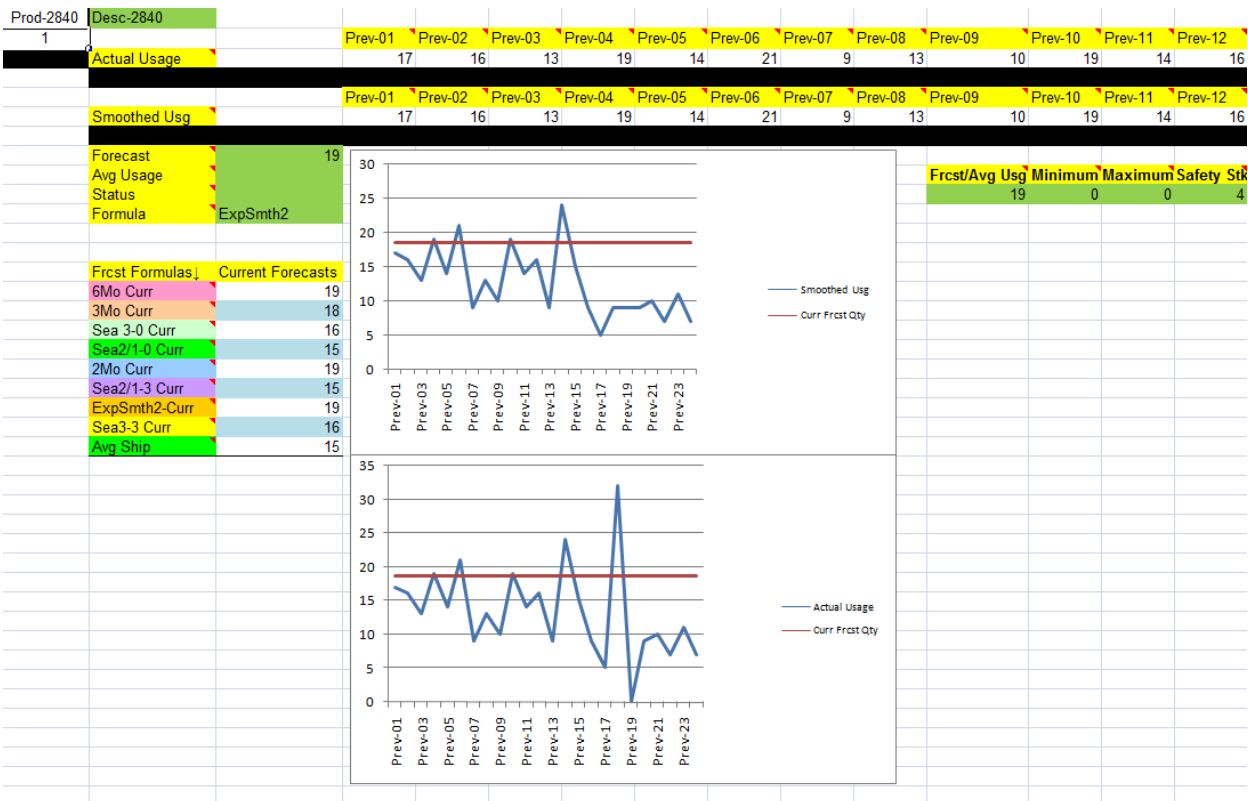
- Compare your current inventory value, turnover and return on investment to potential “ideal” values. You can then see how varying safety stock and other parameters will affect your service level and inventory investment:

Inventory Investment Summary						
Months Item Had Usage (in 12 Mo)	Projected Serv Level	Current Invty Value	Target (All Items) Ideal Invty\$	Target (All Items) Ideal Invty\$ w/ PE	Target (w/Current On Hand) Ideal Invty \$	Target (w/Current On Hand) Ideal Invty\$ w/ PE
8	100.0%	\$1,607.45	\$2,447.72	\$2,447.72	\$2,447.72	\$2,447.72
9	100.0%	\$1,280.60	\$1,827.18	\$1,827.18	\$1,827.18	\$1,827.18
10	100.0%	\$11,062.81	\$2,638.42	\$2,638.42	\$2,277.64	\$2,277.64
11	88.9%	\$3,042.22	\$3,175.12	\$4,800.76	\$1,743.37	\$3,369.01
12	95.2%	\$8,524.99	\$5,844.05	\$11,505.35	\$5,844.05	\$11,505.35
Total	96.2%	\$40,897.51	\$27,656.30	\$34,943.24	\$24,136.68	\$31,423.62

- Employ user maintained controls to smooth out unusually high or low usage

Enter Item to Display→	Prod-2840	Desc-2840			
Enter Whse Containing Item→	1				
		Actual Usage	Prev-01	Prev-02	Prev-03
			95	16	13
		Smoothed Usq	Prev-01	Prev-02	Prev-03
			15	16	13

- Graphically review the history and suggested replenishment parameters of a specific item comparing the results of all 11 forecasting methods



- Compare the current and potential values of these key metrics:
  - Inventory turnover
  - Turn/earn index
  - Gross margin return on Investment
  - Adjusted Gross Margin (i.e., gross margin considering your average inventory investment)
  - Percentage of Excess Inventory
  - Planned Excess (what vendors force you to buy in excess of what you need)

Curr Simple Turns	Targ (w/Curr on Hand)	Curr Adj Mrgn	Targ(w/Curr on Hand) Adj Mrgn	Curr T/E Index	Targ (w/Curr on Hand) T/E Index	Curr GMROI	Targ (w/Curr on Hand) GMROI
4.6	5.7	44.4%	44.8%	217.0%	264.4%	407.8%	496.7%

**The new Version 3 Spreadsheet release also includes the following spreadsheets to enhance your inventory decisions:**

- Price Break by Item: If a vendor offers you a lower price per piece for a larger purchase quantity, is it a good deal? This spreadsheet will help you make an intelligent decision. It compares the lower cost per piece to the cost of carrying inventory for a longer period of time. It also takes into account the lower reordering cost per unit resulting from the purchase of larger quantities. The price break that provides the lowest Total Cost/Piece (last column) represents the best buy quantity.
- Price Break by Vendor Line: It compares the discount you will receive to the cost of carrying each purchase quantity for the length of time necessary to sell the entire amount (based on your current overall forecast for the vendor line). The result is a calculation of how much each dollar's worth of inventory will cost when you consider both the discount and carrying cost. The lower the cost of a dollar's worth of material, the better the deal!

Price Break Level	Discount	Net Investment	Forecast (\$)	Month's Supply	Average Investment	Carrying Cost %	Carrying Cost \$	Total Net Cost	Cost of \$1 of Material
\$1,000.00	5.00%	\$950.00	\$1,500.00	0.6	\$475.00	21.00%	\$5.26	\$955.26	\$0.955
\$2,500.00	6.50%	\$2,337.50	\$1,500.00	1.6	\$1,168.75	21.00%	\$31.87	\$2,369.37	\$0.948
\$5,000.00	15.00%	\$4,250.00	\$1,500.00	2.8	\$2,125.00	21.00%	\$105.36	\$4,355.36	\$0.871

- **Price Break with Freight Allowance and Terms:** allows you to consider freight, terms discounts and extended terms in deciding which of 3 entered purchase quantities represents your “best buy” quantity.

Price Break (Vendor Line) Inputs					
Price Break Levels	Discount	Weight of Shipment (lb)	Cost per lb. of Shipment	Forecast (\$)	\$1,000.00
\$1,000.00	5.00%	10	\$4.00	Carrying Cost %	21.00%
\$2,500.00	6.50%	10	\$4.00	Extended Terms (EX) or Terms Discount (TD)	EX
\$5,000.00	7.50%	10	\$4.00	Net Days	30
				Cost of Money/Yr	6.0%
				Paying Freight (Y/N)	Y
				Balance Due (Days)	90

Price Break (Vendor Line) Detail										
Price Break Level	Discount	Weight of Shipment (lb)	Cost per lb. of Shipment	Net Investment	Month's Supply	Average Investment	Carrying Cost \$	Cost of Money	Total Net Cost	Cost of \$1 of Material
\$1,000.00	5.00%	10.00	\$4.00	\$950.00	1.0	\$475.00	\$7.90	\$9.500	\$988.40	\$0.988
\$2,500.00	6.50%	10.00	\$4.00	\$2,337.50	2.3	\$1,168.75	\$47.81	\$23.375	\$2,401.93	\$0.961
\$5,000.00	7.50%	10.00	\$4.00	\$4,625.00	4.6	\$2,312.50	\$187.17	\$46.250	\$4,805.92	\$0.961

- **Value of Lost Material:** This spreadsheet determines the amount of additional sales your company must generate to make up for the value of material that was lost, stolen or is otherwise unusable.

	Lost Inty Value	GM%	Sales to Make Up for Loss
Jan	\$10,945	20.00%	\$54,725.00
Feb	\$9,487	20.00%	\$47,435.00
Mar	\$11,925	20.00%	\$59,625.00
Apr	\$8,023	20.00%	\$40,115.00
May	\$9,190	20.00%	\$45,950.00
Jun	\$3,934	20.00%	\$19,670.00
Jul	\$5,012	20.00%	\$25,060.00
Aug	\$6,912	20.00%	\$34,560.00
Sep	\$5,801	20.00%	\$29,005.00
Oct	\$5,318	20.00%	\$26,590.00
Nov	\$6,235	20.00%	\$31,175.00
Dec	\$4,793	20.00%	\$23,965.00
<b>Total</b>	<b>\$87,575</b>	<b>20.00%</b>	<b>\$437,875.00</b>

**Lost Inty Value** - The value of lost, stolen, broken or otherwise unsalable inventory

**GM%** - Average gross margin percentage

**Sales to Make Up for Loss** - Additional sales you must generate to make up for the value of lost material

Each spreadsheet template uses usage and other data you input or download from your computer system to provide you with the guidance you need to maximize the profitability and productivity of your inventory investment! You can also adapt our formulas into your own spreadsheets! Or if you prefer, **EIM** can develop customized spreadsheets to adopt the concepts and principles of effective inventory

management to your entire inventory addressing your organization's specific needs. Please [contact us](#) if you would like to discuss this service.

### **Currently using the *EIM* Spreadsheet Set?**

Wondering how Version 3 is different? Below is a list of the key elements that make the Version 3 Spreadsheets different and improved over the *EIM* Spreadsheet Set:

#### **NEW FEATURES!!**

- Perform forecasting analysis on up to 100 items at a time (instead of one item at a time) by just loading your data into one single worksheet. In one data entry action, automatically populates data and calculation fields on several worksheets which previously had to be done separately.
- Provides current forecasting and suggested replenishment parameters for all 100 items.
- Compares your current inventory value to an ideal inventory investment.
- Allows you to modify parameters to calculate how much inventory is needed to achieve a desired level of customer service.
- New Price Break with Freight Allowance and Terms spreadsheet: allows you to consider freight, terms discounts and extended terms in deciding which of 3 entered purchase quantities represents your "best Buy" quantity.