INVENTORY DIAGNOSTIC REPORT

Sample Co · Catering supplies distributor · 40 product lines

SAMPLE REPORT. Sample Co is a fictional business and every figure here is invented. This document shows the format and depth of a real diagnostic. It does not describe any actual company.

Summary

Sample Co holds £250,546 of stock, and £108,301 of it (43%) is more than the business needs. At the same time, 16 of its 40 lines are below their reorder point and at risk of running out. The stock is in the wrong products.

- **Excess is concentrated.** Five lines account for £88,104, which is 81% of all excess stock.
- **The most valuable lines are the most exposed.** Six of the ten most urgent reorders are A-class items, the 11 lines that make up 80% of annual usage.
- **Some stock will never sell.** 3 lines had no demand in 12 months and hold £5,436.
- **This is a rebalancing job.** Bringing the short lines back to target would cost about £138,323, more than the excess is worth. Selling down the excess funds most of it, but it will not release net cash on its own.

Headline numbers

Measure	Value
Product lines analysed	40
Total stock value	£250,546
Excess stock value (including no-demand lines)	£108,301
Excess as a share of stock value	43%
Lines below reorder point	16
Lines with excess stock	17
Lines with no demand in 12 months	3

Where the value sits

Lines are ranked by annual usage value (annual demand multiplied by unit cost). A lines make up the first 80% of that value, B lines the next 15%, and C lines the remainder.

Class	Lines	Share of lines	Annual usage	Stock value	Excess value
A	11	28%	£1,061,003	£173,678	£63,536
B	13	33%	£192,902	£55,534	£34,260
C	16	40%	£65,136	£21,334	£10,504

Reading: 11 A lines (28% of the range) drive 80% of usage. They deserve tight control and frequent review. C lines can run on simple rules.

Excess stock: the top 10

Excess is stock on hand above the target maximum, valued at unit cost. The target maximum is the reorder point plus one month of demand.

Code	Product	Class	On hand	Target max	Excess value	Months cover
SC-1014	Insulated food box 40L	A	1,990	963	£47,242	5.9
SC-1026	Bin liners black x200	B	12,704	2,343	£11,397	8.9
SC-1017	Foil containers No.2 x50	A	3,744	879	£11,317	5.7
SC-1005	Paper straws x100	B	9,453	2,321	£9,628	7.7
SC-1011	Fire blanket 1.2m	B	900	178	£8,520	7.6
SC-1038	Tea urn 10L (discontinued)	C	60	0	£3,240	No demand
SC-1004	Wooden cutlery sets x10	B	6,059	1,945	£2,798	5.0
SC-1007	Gastronorm tray 1/1 steel	A	1,555	1,459	£2,774	4.2
SC-1036	Extraction filter 395x495	C	209	100	£1,984	4.9
SC-1024	Hairnets x100	B	1,433	541	£1,918	3.7

Months cover is stock on hand divided by average monthly demand.

Reorder now: the top 10

16 lines are below their reorder point. These ten have the largest shortfall by value.

Code	Product	Class	On hand	Reorder point	Suggested order	Lead time
SC-1015	Insulated food box 80L	A	19	444	550 units	28 days
SC-1021	Coffee beans 1kg x6	A	77	288	537 units	10 days
SC-1019	Vacuum pouches 200x300 x100	A	254	599	882 units	14 days
SC-1006	Chafing fuel gel x12	A	179	592	1,541 units	10 days
SC-1033	Stock pot 20L	B	30	93	85 units	42 days
SC-1027	Bin liners heavy duty x100	B	204	955	1,330 units	42 days
SC-1030	Day-dot labels Friday	C	16	533	653 units	56 days
SC-1020	Blue roll 6 pack	B	35	106	149 units	14 days
SC-1018	Foil containers No.6 x50	A	258	598	1,230 units	14 days
SC-1003	Cling film 450mm x 300m	A	179	462	833 units	21 days

Suggested order brings stock up to the target maximum. Minimum order quantities and pack sizes should be checked before ordering.

Recommended actions

1. **This week: place orders for the A-class lines below reorder point.** Start with the lines that have the longest lead times, since they are exposed for longest.
2. **This month: stop buying the five largest excess lines** until stock falls below the target maximum. Review their standing orders and supplier minimums.
3. **This month: clear the no-demand lines.** Offer the 3 lines (£5,436) to customers at a discount, return them to suppliers where possible, or write them off.
4. **This quarter: review erratic high-value lines by hand.** Insulated food box 80L and Stock pot 20L sell in irregular bursts, so a formula overstates their safety stock. Agree stock levels with the customers who buy them.
5. **Ongoing: adopt the reorder points in the workbook** and review them every quarter, or whenever a supplier's lead time changes.

Method and limits

Safety stock is the service factor (1.65, about a 95% service level) multiplied by the standard deviation of monthly demand and the square root of lead time in months. The reorder point is average daily demand multiplied by lead time, plus safety stock. Twelve months of demand history was used.

The model assumes demand is roughly normal and lead times are fixed. It does not account for seasonality, minimum order quantities, pack sizes or supplier reliability. The figures are a starting point for decisions, to be reviewed with the people who know the customers and suppliers.

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