

Commitment for Excellence™

Inventory Accuracy Training



Unfair criticism about BPCS/ERP LX functionality

A surprisingly high percentage of manufacturing planners have told us they prefer spreadsheets to MPS/MRP planning in BPCS/ERP LX because they can't rely on the material plan that BPCS comes up with. We've found companies that believe the problem is the software ... and over time, the belief that BPCS software could *never* do a good job in manufacturing planning becomes accepted wisdom in that enterprise.

The criticism is unfair.

When Unbeaten Path is called in to help an enterprise make better use of ERP planning software, we frequently find that low inventory accuracy has been a fundamental problem. You can migrate to ERP LX or you can move to SAP or Oraclebut if you don't fix inventory accuracy, none of those ERP systems will produce useful material planning advice.

Reliability theory

If at least 95% of your inventory counts by storage location are not accurate, then the functionality of manufacturing and material planning results from an ERP system won't be acceptable. The mathematics of reliability theory explain why this is so. Here's an illustration using a hypothetical machine with three moving parts:

If the reliability of each moving part is 99%, then the reliability of the machine is:

$$(.99) \times (.99) \times (.99) = .9703 \quad \text{or} \quad 97.03\%$$

If the machine had a fourth moving part with a reliability of only 95%, then the reliability of the 4-part system becomes:

$$(.99) \times (.99) \times (.99) \times (.95) = .9218 \quad \text{or} \quad 92.18\%$$

Now let's apply that mathematical theory to inventory accuracy. If the reliability of the quantity count for a raw material item is only 75% and the quantity for that part number is used 15 times in an MPS/MRP generation, then the reliability of the material plan for that item is going to be low:

$$(.75) \text{ times itself 15 times} = .0134 \quad \text{or} \quad 1.34\%$$

The MPS/MRP functionality in an ERP system grinds through an enormous number of calculations that rely on starting inventory quantities ... and if your company's inventory accuracy isn't high, the material plan is not going to be reliable.

Inventory accuracy begins with shop floor attitude

Managers and project leaders and IS staff can talk about reliability theory all day long up in the executive conference room, but ... if the people handling the parts out on the shop floor don't understand how important inventory accuracy is, nothing is going to get better. Conversely, if the material handlers and production line workers "get it," then inventory accuracy starts to go up ... way up. Unbeaten Path's experience testifies to that.

Enlisting 3-shift factory support

Unbeaten Path's Inventory Accuracy Training delivers a very persuasive presentation to shop floor personnel and first level shop floor supervision. The content and delivery is pitched to that audience.

The training demonstrates in practical ways how inaccurate inventory records damage the effectiveness and competitiveness of their employer. It suggests easy-to-understand tactics that will allow each person to contribute to making things better. The course changes attitudes and enables a concerted plant-wide effort to move the inventory accuracy percentage up. **The attitude change promise is backed up with Unbeaten Path's money-back guarantee of satisfaction.**

Inventory Accuracy course details

The instructor relies on real-life illustrations learned from your plant. Course preparation requires a thorough plant tour the day before the classroom work. Here are some other course attributes:

Course duration: About 2.5 hours, including a half-way nature break

Timing: We can schedule the class times so that each shift can come at a convenient time for that shift.

Instructor: Milt Habeck, founder of Unbeaten Path ([click for profile](#))

Language: Milt is bilingual Spanish/English so can handle a mixed language audience in the same class. Bi-lingual presentation typically adds about 20 minutes to the class length.

Materials: Each student will receive a 28 page booklet. Milt will also need some "show and tell" samples of well-known parts.

Location: At the plant, probably, whatever is easiest for the employees. Any quiet meeting space with room for chairs is good enough.

This 2.5 hour course extracts material from Unbeaten Path's two-day **Commitment for Excellence** course. That "world class practices" course is intended for a senior and middle management audience. Milt adapts his presentation style to hold the attention of an hourly employee audience.

Leveraging classroom results

To reap the maximum ROI from the course, Unbeaten Path recommends prompt formation of group(s) of hourly employees to get to work on the course recommendations. Invent a name that works for your company ("accuracy councils" / "war on waste squadrons"). You'll need a first-line supervisor who has the leadership skills to empower and focus the attention of that kind of group.

Questions ?

It would be a privilege to answer any questions about our Commitment for Excellence Inventory Accuracy Training. Here's Unbeaten Path International's contact information:

Toll free North America: (888) 874-8008
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Send us an email ([click here](#))

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