

# NETSTOCK



## LMC Truck transforms its demand planning processes

**Company** LMC Truck

**Industry** Automotive: Motor parts distributor

**Location** USA

**ERP** Magic Software



Based in Lenexa, Kansas, USA, LMC Truck is a key player in the automotive industry, distributing motor parts and accessories for Chevy, GMC, Ford, Dodge Trucks, and SUVs, to restoration companies and enthusiasts. They pride themselves on their efficient 24-48 hours turnaround for online orders.

### \ Challenge.

Inaccurate forecasts lead to stock-outs and excess stock.

### \ Solution.

Netstock integrated with Magic Software.

### \ Result.

Reduction in excess stock and decrease in potential lost sales.

## Two complexities LMC Truck faced managing their inventory

1. **Meeting the delivery time promise:** managing over 35,000 stock items.
2. **Determining forecasts:** they used sales data from their proprietary ERP, buyer's intuition, and a few other suggested values.

"We lacked the mathematical input to be able to make data-driven accurate forecasts so we would often end up in either a stock-out or excess-stock situation. We needed to get the right parts in at the right time, and this is what drove us to look for an inventory optimization solution," says Bob Hollman, Vice President of Operations.

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## Inventory planning challenges before Netstock

Bob explained, “our ERP program used for purchasing was primarily based on quantity for classification but that provided only one perspective. Using the Netstock classification matrix for both sales value and velocity, we can quickly determine the revenue impact of a potential stock-out on the horizon. If it’s on an AH (high value, high volume) item, we can act before it becomes a problem. Classifications also mean that we can focus our attention on our highflyers and no longer waste time on the low value, low volume items.”

LMC Truck also experienced challenges with suppliers and their MOQ’s (minimum order quantities). In instances where the MOQ’s were large relative to what the business needed to purchase, sharing reliable and accurate forecasts of future orders with suppliers gave LMC Truck buyers more leverage to negotiate better MOQ’s or, in some cases, even better discounts.

For Bob’s suppliers, “they agreed that having a line of sight on future orders as opposed to getting a surprise each month helped them with their raw materials requirements and planning.

With all the increases in the cost of goods and shipping fees, having this data at our fingertips has enabled us to negotiate better deals. This has helped us address some of the price increases.”

## How supply chain challenges impacted LMC Truck over the past two years

Besides the day-to-day inventory planning, the increase in costs and longer lead times were two additional disruptions LMC Trucks had to navigate.

### Increase in costs

- With global raw material shortages, manufacturers significantly increased their average wholesale price and their MOQ’s.
- With the shortage of shipping containers, there has been an increase of over 500% for the cost of a container since the pandemic outbreak.

### Longer lead times

Congestion in the US ports resulted in longer lead times. The suppliers’ inability to source items or have access to labor meant extending already exceptional lead times.



"The challenges in the supply chain due to the global COVID-19 pandemic were challenges that we had no control over. However, always having complete visibility of our inventory and identifying issues before they become a problem was fundamental in navigating the last two years. Being able to make decisions based on data insights is mitigating our risks, especially when balancing inventory strategy with economic activity as central banks begin to alter course.

Despite all these disruptions, we have been able to reduce our excess stock and have seen a significant drop in our potential lost sales which has been very encouraging.

I am confident that over time we will see more return on our investment with Netstock. From the initial decision to invest in Netstock, through implementation, onboarding, and ongoing support, we have been very impressed," concluded Bob.

Since implementing Netstock, LMC Truck has complete inventory visibility. They've successfully reduced their excess stock, minimized their stock-outs, and simultaneously reduced potential lost sales.

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