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Solutions-based Intelligence for Supply Chain ROI



2009 Pros To Know



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President & CEO
Smart Software, Inc.

Honoring supply chain
leaders demonstrating
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2009 Provider Pros to Know



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By Andrew K. Reese and Sarah Murray

Charles Smart
President & CEO
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“Charles Smart, president and CEO of Smart Software, Inc. believes that many manufacturing and distribution companies need to adopt supply chain management strategies that focus on the short-term and quickly produce improvements that help them deal with the increased risk and financial pressure caused by today’s turbulent times. For his role in developing solutions to help companies produce accurate demand forecasts and optimal inventory plans to better manage risk in their supply chains, reduce costs and maximize profits, Supply & Demand Chain Executive recognizes Charles Smart as a 2009 Provider Pro to Know.”

Technology will be critical in helping companies develop the strategies necessary to better manage risk in their supply chains, cut costs, preserve cash and increase their chances of survival in today’s economy. The role of technology vendors will be to enhance their customers’ ability to do that by helping them generate necessary business intelligence quickly and automatically.

Charles Smart’s company, Smart Software, Inc., develops and markets the SmartForecasts® product line of demand forecasting, planning, and inventory optimization software solutions. For over 25 years, the company has been helping its customers produce accurate demand forecasts and optimal inventory plans. During the current economic crisis, Smart has recommended that his customers adopt the following strategies, which are critical in helping a company quickly improve its demand and inventory planning in tough times:

- 1. Increase cash flows through better forecasting and inventory optimization.** With credit tight, companies need to preserve as much cash as possible. Because inventory is cash sitting on the shelves, a prime way to reduce costs and increase cash flows is to better forecast inventory levels. So Smart encourages his customers to use SmartForecasts’ ability to automatically generate accurate estimates of stocking requirements to help “right-size” their inventory levels. The goal is to have the customers stock the optimal amount of inventory needed to satisfy product demand over a specified lead time and at a desired service level. Achieving this balance can reduce over-stocking and under-stocking, and also uncover obsolete inventory.
- 2. Make changes to the way the company creates its forecasts to achieve better short-term results.** To get even better short-term results, Smart suggests that his customers prioritize service levels for their products. To optimize inventory and maximize sales, service levels should be set high (90-99%) for highly demanded items, but can probably be set much lower (70-80%) for other items. By

doing this type of analysis, many find that they need much less stock for many of their SKUs than they previously thought. Furthermore, to improve accuracy, Smart suggests that his customers shorten the demand history used to generate a forecast so that more emphasis is placed on recent trends and demand patterns rather than history from two or three years ago.

- 3. Take full advantage of SmartForecasts’ unique capabilities to produce accurate forecasts for all of the company’s products, including the ones with intermittent demand.** Finally, companies in the service/spare parts, auto aftermarket distribution and capital goods industries commonly experience intermittent, “slow-moving” demand for a large percentage of their product items. Because intermittent demand is so difficult to forecast, most companies with this problem do a poor job of forecasting and planning for as much as 70% of their SKUs. That’s a lot of inventory, frequently running in the millions of dollars in value, and this means there’s a lot of room for cost savings. SmartForecasts’ unique features, including the company’s patented solution for intermittent demand, enable its users to accurately forecast all their SKUs and get accurate estimates of safety stock and inventory stocking requirements for even the most hard-to-forecast items.

About Smart Software, Inc.

Founded in 1984, Smart Software, Inc. is a leader in providing businesses with enterprise-wide demand forecasting, planning and inventory optimization solutions. Smart Software’s flagship product, SmartForecasts®, has thousands of users worldwide, including customers at mid-market enterprises and Fortune 500 companies.

Smart Software, Inc.
Four Hill Road
Belmont, MA 02478
Telephone: 617-489-2743 or 800-SMART-99
FAX: 617-489-2748
E-mail: info@smartcorp.com
www.smartcorp.com