Inventory Analytics with Ninne Block Segmentation (Part 3)

Taking our nine block segmentation from MRP Monitor or whatever other source you are using, we can add some more data to the nine block and really start to see the value in segmentation. We used MC.9 in the below table to get information on usage value, number of parts in the segment, and the number of times we used a part number (regardless of quantity).

We then created calculated columns to tell us, for example, of the total population, how much of the usage value was in the AX, AY, AZ segments, etc. We how often were did the same to determine of the total population, how many part numbers were in the segment, and how often were they used. Some of the observations are listed in the block as well.

AX and AY drive my inventory and Sales
THINK HARD HERE
Do the work! But fortunately there are
not that many of them

84% of my Buy Parts usage value
is driven by 7% of my parts

Segment	Total UsageZlotsy	Part numbers	No of Usages	% of total Z	% of Total Part Numbers	% of Toal Usage	How to manage	Cost of Buffer	Time buffered	% of Total Buffer value
AX	147,955,795	169	212,447	38%	3%	21%	low buffer, high management	2,845,304	1 week	32%
AY	177,958,505	220	72,133	46%	4%	7%	low buffer, high management	3,422,279	1 week	38%
AZ	568,835	19	885	0%	0%	0%	no buffer			
BX	11,214,543	162	144,683	3%	3%	14%	Medium Buffer	431,329	2 weeks	5%
BY	26,183,168	388	55,315	7%	7%	6%	Medium Buffer	1,007,045	2 weeks	11%
BZ	3,357,154	54	1,096	1%	1%	0%	no buffer			
CX	4,798,446	473	330,810	1%	9%	33%	High Buffer	369,111	4 weeks	4%
CY	11,746,460	1,831	170,212	3%	35%	17%	High Buffer	903,574	4 weeks	10%
CZ	4,146,812	1,864	15,885	1%	36%	2%	no buffer			
	387,929,718	5,180	1,003,466					8,978,641		

50% of the times I used a part
represented only 4% of my usage dollars.
Don't stock out of cheap,
frequently used parts!

There are a lot of C items
so you have to cut corners,
but you do need a method
with a high service level.

We can load high buffers for a low
Investment value . Again buffers 50% of
our total number of usages at this site.

An area we need to emphasize is the high percentage of part numbers, and number of times they are used, are in the CX and CY segments. The number of times we use a part is really the number of times we may be potentially out of a part. We go to the shelf to get a part, and it is either there or not there.

In many industrial companies, assemblies have a few "A" and many "C". This creates an incentive to not stock out on the many inexpensive "C" parts and risk trapping the few "A" parts.