



You know that determining the order points for your inventory has a definite impact on your business.

Set the Order Point too high and you're paying extra costs for holding extra inventory.

Set it too low, and you risk running out of items and losing sales.

Eagle's Inventory Planner helps you determine improved Order Points for your inventory, with less guesswork and less complexity.

In this course, we will discuss what Inventory Planner does and review how this functionality works with Eagle Order Points.

We will also explain the concepts of Best Fit and Service Level while examining how they work together to create improved Suggested Ordering results.

Let's get started!

Inventory Planner can be implemented in an automated fashion to utilize strong forecasting algorithms to drive your inventory to the desired service level.

It is a Forecasting and Stock Level planning application designed to provide retailers with a better inventory balance.

Every merchant faces the challenge of finding equilibrium between two negative forces in their inventory: Stock-Outs and Over Stock.

Inventory Planner seeks to reduce stock out situations while preventing overstock scenarios.

You already have the ability in Eagle to set 'Order Points' in Inventory Maintenance.

Inventory Planner goes one step further, automating the Order Points calculation by using Models based on industry Best Practices.

These Order Points can then be utilized by the Suggested Ordering process to replenish inventory and maximize performance.



The Order Point is the ideal stocking level for an item.

It is calculated by trying to predict how many of an item customers will want to buy over a specific time period. This is known as the demand.

By attempting to match this with the Supply side of the equation, we try to keep that quantity of the item on the shelf.

Basically, as a retailer, you want to carry what your customer wants, without having too much of what they don't want.

The first step in calculating 'Order Points' is to look at the sales history of an item to forecast how many customers are going to purchase that item in the future.

In other words, determining the Demand for an item.

Identifying which Sales History figures to consider in order to predict demand is key.

Should you use the past few months to capture any recent trends, or should you look at what the item sold this same time period last year?

The answer could be one or the other or both.

And, it is likely different for each and every item.

When you develop a strategy to indicate which sales history periods to use and define how important each period is, you are creating a 'Forecast Model'.

Inventory Planner includes 18 pre-built Forecast Models based on industry Best Practices.

If you know that a group of items fits a particular Model, you can just select that one.

But, if you do not know for certain, how do you decide which 'Forecast Model' to use?

This is where 'Best Fit Forecasting' comes into play.



‘Best Fit Forecasting’ helps you predict demand for items that have widely varying sales patterns throughout the year. For example, interior and exterior paints.

When ‘Best Fit’ is selected, Inventory Planner actually calculates which Forecast Model is the closest predictor of actual Demand for an item.

Using these results, each item on a ‘Plan’ will then use the Model that is most accurate in predicting its Demand.

Instead of attempting to determine some type of strategy for an entire group of items such as a specific department, or a particular vendor, Inventory Planner can make that choice for you on an item by item basis.

Items like exterior paint, which are more seasonal, will tend to require a more seasonal type of Forecast Model.

Best Fit allows that to happen without any work on your part.

Inventory Planner has also added ‘Best Fit Groups’ to the Forecast Models on Release 25 or higher of Eagle N Series.

It allows the user to create custom ‘Groups’ of Forecast Models and maintain them using the ‘Add’ or ‘Remove’ function.

These Best Fit Groups can be added to specific ‘Rules’ and ‘Plans’. Rules and Plans are covered in later Training on Demand courses for the Inventory Planner Agenda. Make sure to watch all of the classes assigned for this series.

Once you’ve configured Inventory Planner to calculate the demand for each item, you will need to set the number of days of Demand that you want to carry on your shelves.

You do this by selecting a ‘Service Level’.

Service Level is your desired In-Stock percentage.



For each item in your inventory, you know two pieces of information, You know how often you will consider re-ordering the item, or the item's Order Cycle, and you know what your tolerance level is for being Out of Stock.

These two pieces of data define your 'Service Level'.

For example, we will look at an item or group of items that you order every 7 days.

If you want to carry enough stock to meet your demand for 7 days and have that be true 98 times out of every 100 customer shopping experiences that equals a '98% Service Level on a 7 day Order Cycle'.

Given these parameters, Inventory Planner calculates how much Safety Stock each item requires in order to meet demand for 7 days and achieve a 98% Service Level.

The safety stock amount is calculated using two pieces of information that Inventory Planner automatically tracks for you.

The first is how much Variation there is in Vendor Lead Time for the item. The more erratic the Vendor is in delivering an item, the more safety stock Inventory Planner adds to achieve the desired Service Level.

The second piece of information is the accuracy of the Forecast Model selected for that item.

For example, if the 'Forecast Model' used is accurate to within 1 unit per day for the item, then Inventory Planner will add 1 unit per day to the Demand.

Together, these two metrics provide the information that Inventory Planner needs to determine how much safety stock to add to account for variations in Sales Demand and Supply to keep your shelves accurately stocked.

So, if we are working on a 7 day Order Cycle and our Demand per day is 6 units, with a Safety Stock of 1 day, then Inventory Planner will calculate the Order Point to be 48 units.



To get to this number, Inventory Planner adds the 7 days Order Cycle plus 1 day Safety Stock to determine that 8 days of supply are needed.

It then multiplies 6 units per day times 8 days to arrive at an Order Point of 48

Now that we've discussed what the function of Inventory Planner is and how it uses Best Fit and Service Level to calculate a more precise Order Point, you're ready for the next lesson.

Watch the Training on Demand course titled 'Creating an Inventory Plan' to continue to work toward optimum stock levels in your store.