



CUSTOMER SUCCESS STORY

Construction and Power Tool Distributor Controls Spending and Manages Growth with VALOGIX® Inventory Planner

Herramientas Poderosas

Quick Facts

Company

- Name: Herramientas Poderosas
- Location: Guatemala City, Guatemala
- Industry: Construction and Power Tools
- Products: Building Materials and Power Tools
- Items in inventory: 5,200+

Challenges and Opportunities

- Attain fill rate of at least 95%
- Identify and reduce slow moving and obsolete inventory
- Manage exponential growth

Objectives

- To be the industry leader by providing the best fill rates and time of delivery
- Reduce the number of days of inventory
- Increase staff productivity and reallocate resources to other projects

SAP® Certified
SAP Business One Integration



"Our customers expect to receive the parts they need, when they need them. We have to earn their loyalty by providing them with outstanding service, every time.

VALOGIX Inventory Planner allows us to reduce our overall capital expenditures and at the same time, deliver the level of service our customers expect."

—Antonio Castillo, CFO,
Herramientas Poderosas

Why Valogix?

Proven system with measurable results in a very short timeframe; strong support from local Valogix partner and the high ROI from Valogix solutions.

Benefits

- Reduction of days of inventory from 144 days to 45 days allows capital investments in other functional areas
- Accurate inventory levels increase fill rates and reduce inventory overhead
- Reduction of inventory by 22% decreases capital expenditure needs
- Providing vendors with forecast allows the negotiation of volume discounts
- Scalable solution changes with growing business needs
- Automated reporting and processing improves staff productivity and saves nearly \$80,000 per year
- Return on Investment in less than six months

Previous Planning Approach

Spreadsheets, reports and another business system

New Solution Approach

VALOGIX Inventory Planner



"Before implementing Valogix, we would spend 8 hours a day, five days a week on our planning and purchasing procedures. After the Valogix implementation, we spend just two hours a day and know the numbers are spot on."

—Maurice Riley, Operations Manager

Accelerated Growth Changes Business Focus

When Herramientas Poderosas (HP) opened for business in 2003, they had four employees. In 2009, they had 130 people. Similar to home improvement centers in the U.S. HP's parent company, Cemarco in Guatemala, sells power tools, construction and agricultural equipment, and home improvement materials.

The priority at HP has always been customer service. Well aware that customer loyalty is a fickle thing, HP stocked 144 days of inventory to keep their customers from shopping elsewhere.

"In the infancy of our company, we were focused on having every SKU in stock at all times to ensure that our fill rates were at least 95% or better. We didn't spend a lot of time managing our working capital but with 15% growth per month and increasing rent for warehouse space, it became necessary for us to refocus our efforts," says Antonio Castillo, CFO for HP. *"In addition, we had complex, manual inventory forecasting and purchasing processes and even though we felt confident in the numbers it gave us, it took an inordinate amount of time and led to overstocking."*

Technology is the Key to Manage Growth and Goals

Their SAP Business One partner, Inforum, recommended a solution to enhance their inventory planning processes. Once Edgar Urrutia completed the discovery process, he knew VALOGIX® Inventory Planner was the solution which would help HP achieve their goals.

"HP was the perfect for the Valogix solution. They had high inventory costs and outdated planning and forecasting methods that took up the greater portion of their staffs' time," notes Mr. Urrutia. *"Results has been amazing: they save nearly \$80,000 a year and have decreased their days of inventory to just 45, which has brought their inventory investment down by 22%."*

Not only has HP accomplished their goal of maintaining a 95% fill rate with less stock, they've been able to significantly increase employee productivity. By using VALOGIX Inventory Planner for forecasting, purchasing & optimization, HP has been able to whittle the previously three full time employee process down to one planner who spends just three hours a week completing these processes. Reallocating resources to other projects has made a huge impact on HP's bottom line.

Proven System Gives HP the Results They Need

HP is determined to be the industry leader. Their products are not the least expensive and they know their customers will shop the competition if HP doesn't have what they need, when they need it. According to Mr. Castillo, *"We tell our customers that they don't have to stock every SKU we will. VALOGIX Inventory Planner helps us stock the right items at the right time."* And even though they have pledged to stock what their customers need, they've still managed to dramatically reduce overstocks and dead inventory while reducing their overall inventory value.

"We've reduced our inventory by \$320,000 in a very short time while maintaining 95% or better fill rates. Shifting the focus from keeping up with our growth to managing working capital has truly allowed us to stay ahead of the competition and keep our customers coming back," adds Mr. Castillo.

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