



Case Study

Driving manufacturing efficiencies with SKU optimization

About the Client

A global manufacturer of quality commercial medical products supporting caregivers and protecting patients across acute care, alternate site, and dental end-markets.

Product portfolio includes:

- Fall Prevention Products
- Drapes and Covers
- Safety Scalpels
- PPE and Barriers
- Securement Devices
- Radiation Protection
- Securement Devices

The Challenge

Our client wanted to evaluate cost savings and long-term growth opportunities within their expansive product portfolio.

They looked to Precision for help with:

- Identifying manufacturing efficiencies through SKU reduction / reduced inventory
- Elimination of redundant SKUs without jeopardizing sales volume
- Increasing sales through value-add market basket optimization and expansion opportunities

Actionable Big Data Solutions:

Precision partnered with this manufacturer to reach their objective of cost savings and long-term growth through 10% active SKU reduction by removing SKUs not contributing to gross margin and identifying new SKU expansion opportunities.

To accomplish this, Model outputs included:

Product Hierarchy Model

- Mapped existing internal product hierarchy to market demand

Category Role and Market Basket Model

- Statistically identified the role of each product in customers' purchasing behavior to make strategic pricing, marketing, and business decisions

SKU Optimization Model

- Identified inefficient or redundant SKUs for elimination that would have minimal to no risk of loss of sales



Outcome & Results:

100 Low-risk SKUs identified for elimination

Cost savings opportunity by statistically identifying low-risk SKUs for elimination

<1% Top customers' sales impacted by eliminated SKUs

Minimal sales impact to Top Customers due to strategic SKU elimination

\$645K Incremental annual sales opportunity

Incremental annual gross sales opportunity driven by strategic SKU expansions

About Precision:

We help B2B distributors, suppliers, and wholesalers uncover growth opportunities, increase revenue, and maximize margin leveraging the inherent power of data and data insights. Leverage our 20+ years of experience to achieve your company's goals.

Connect with Us



+1 214-599-8933



info@precisioncorp.net



www.precisioncorp.net