

# VMI Basic Knowledge Training And Popularization

Michael Wang

New World. New Thinking.

**lenovo**

# Content

Through this training, you need to understand

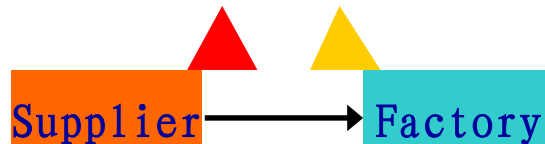
- Basic philosophy of VMI
- VMI general operation model
- Why need to start or switch to VMI model
- Lenovo current operation model of VMI
  
- VMI model extension to FG operation
- How the IT system play a key role in the VMI operation

# What is VMI ?

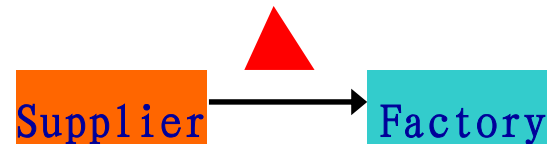
## Vendor Managed Inventory (VMI)

A means of optimizing supply chain performance in which the Supplier has access to the Customer's Inventory Data and is responsible for maintaining physical stock required by Customer

- Re-supply is done by Supplier through regularly scheduled reviews of on-site inventory data
- Stock is counted on a daily basis through WMS, all damaged & obsolete goods are deducted; and available inventory is re-stocked
- Supplier obtains a system report for issues & invoices the Customer for consumed quantities . This term is synonymous with Vendor Managed Inventory (VMI).



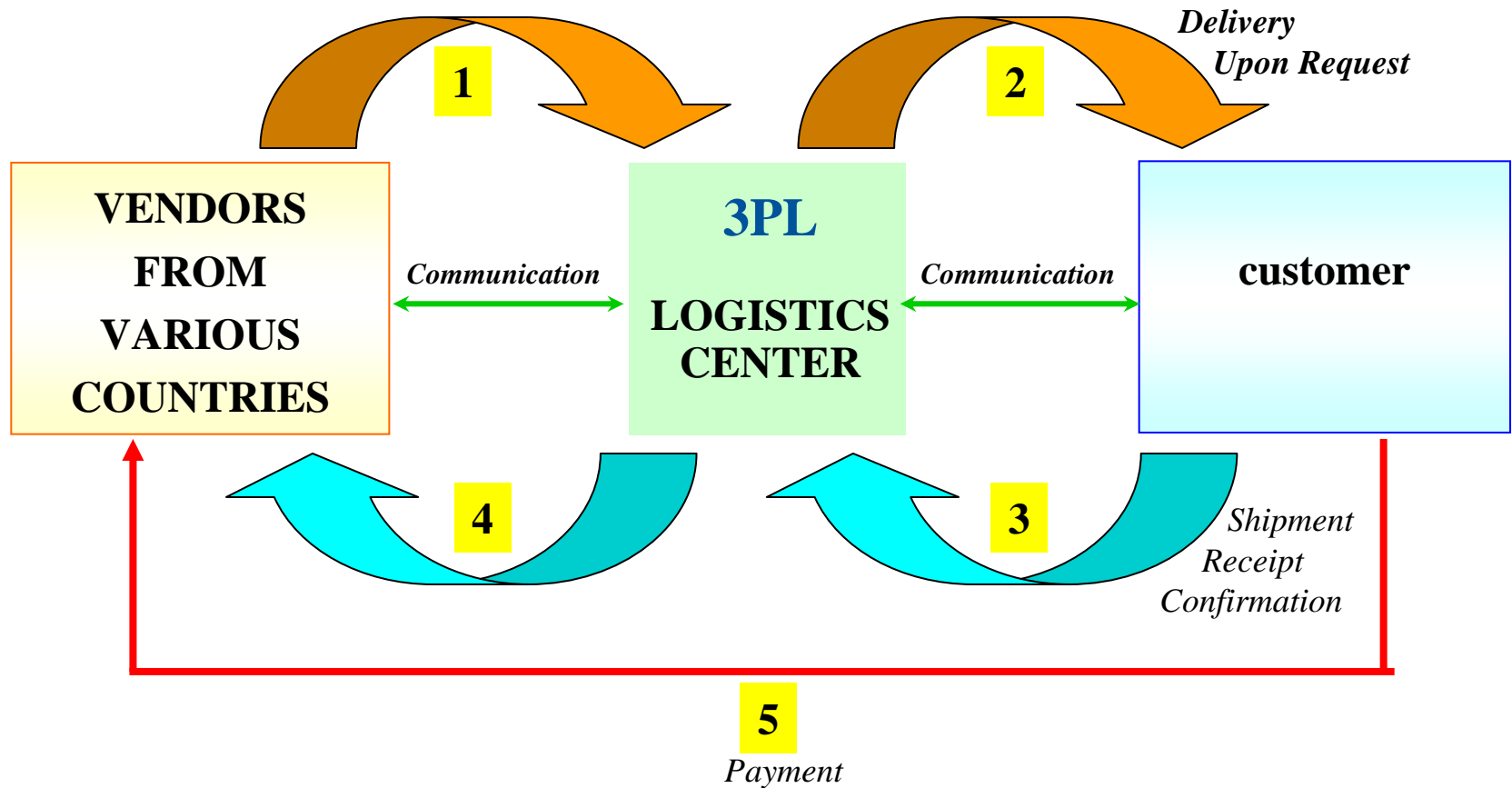
Traditional



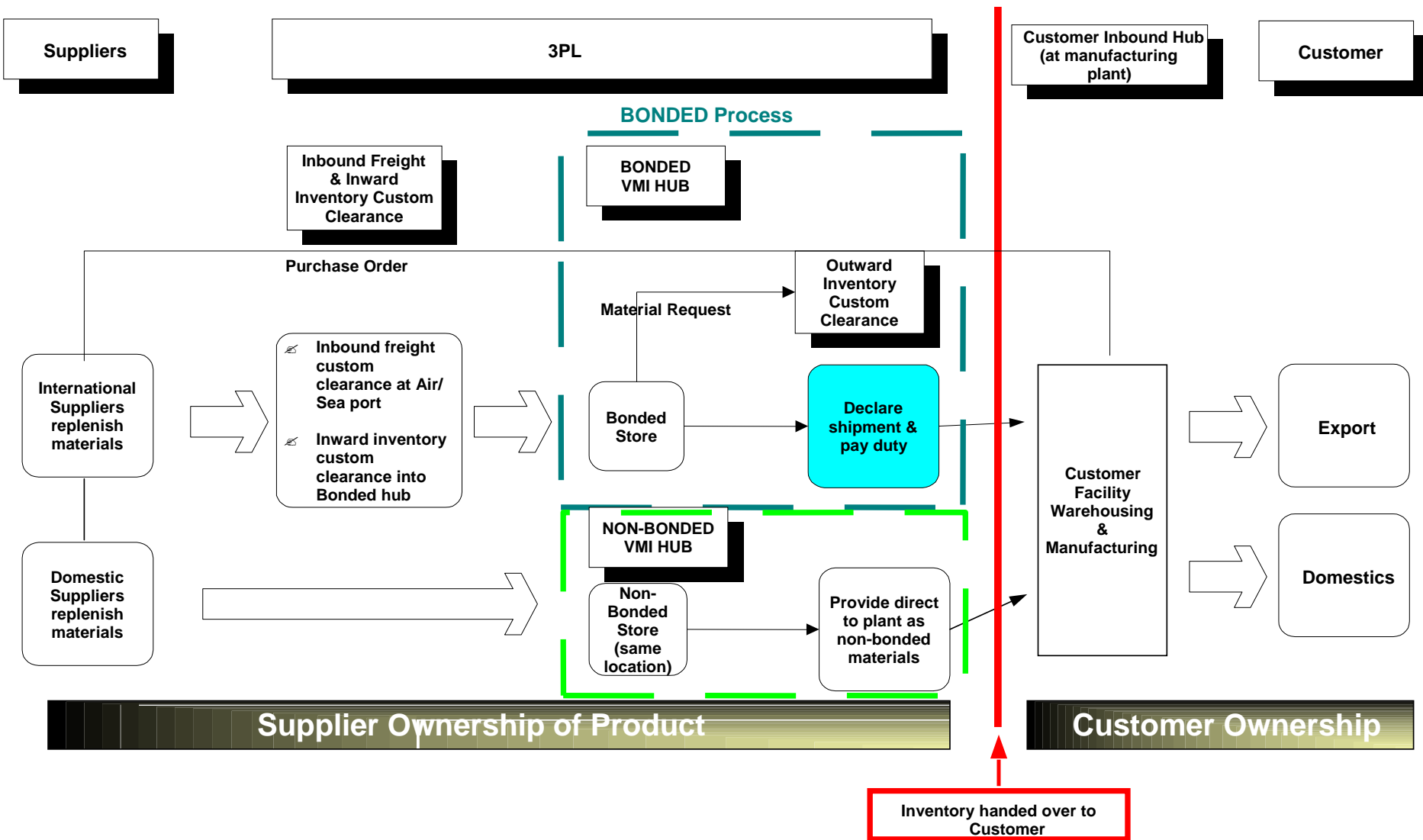
VMI Model

# VMI Model

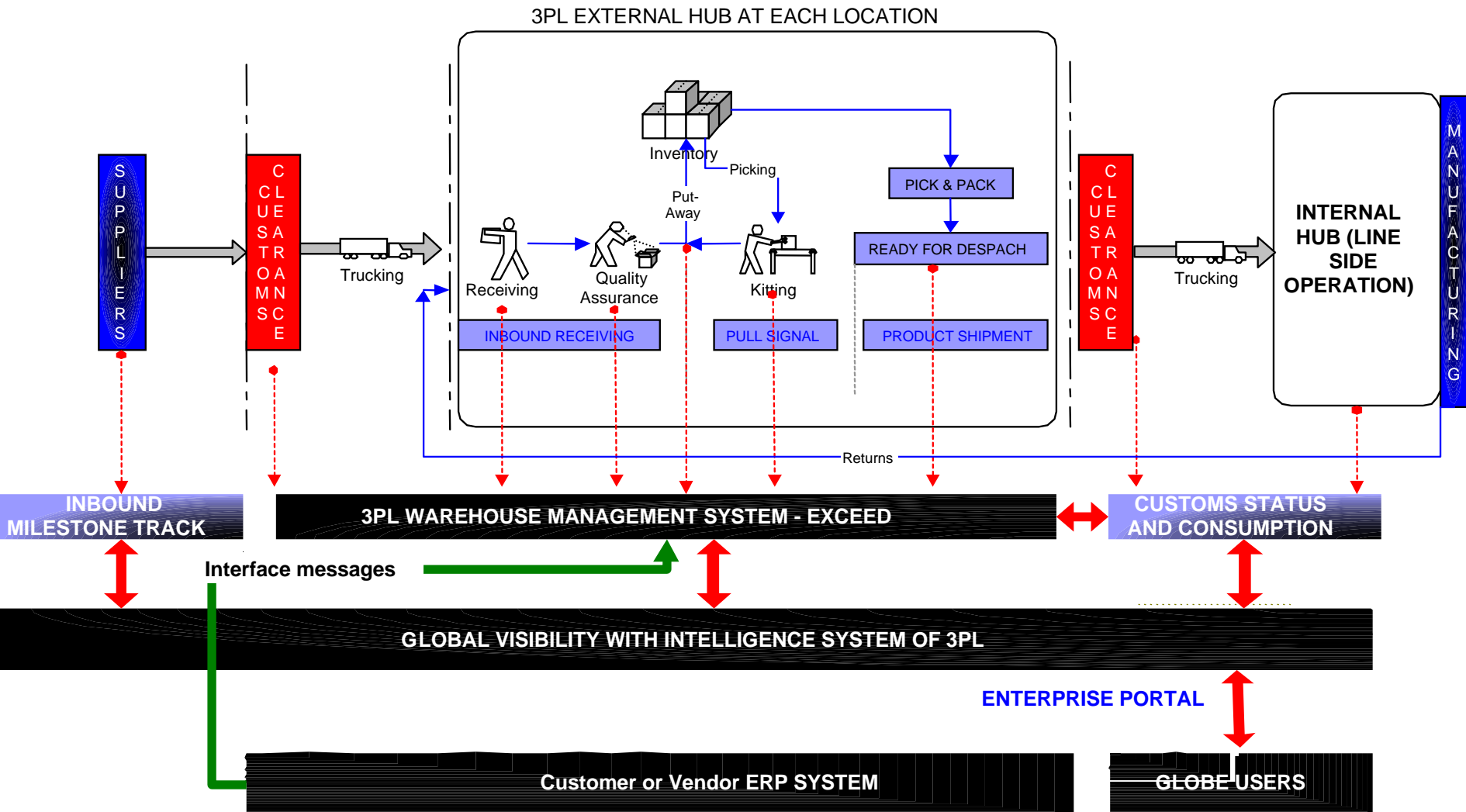
*Air / Ocean / Trucking*  
*Agreed Buffer Stock Level*



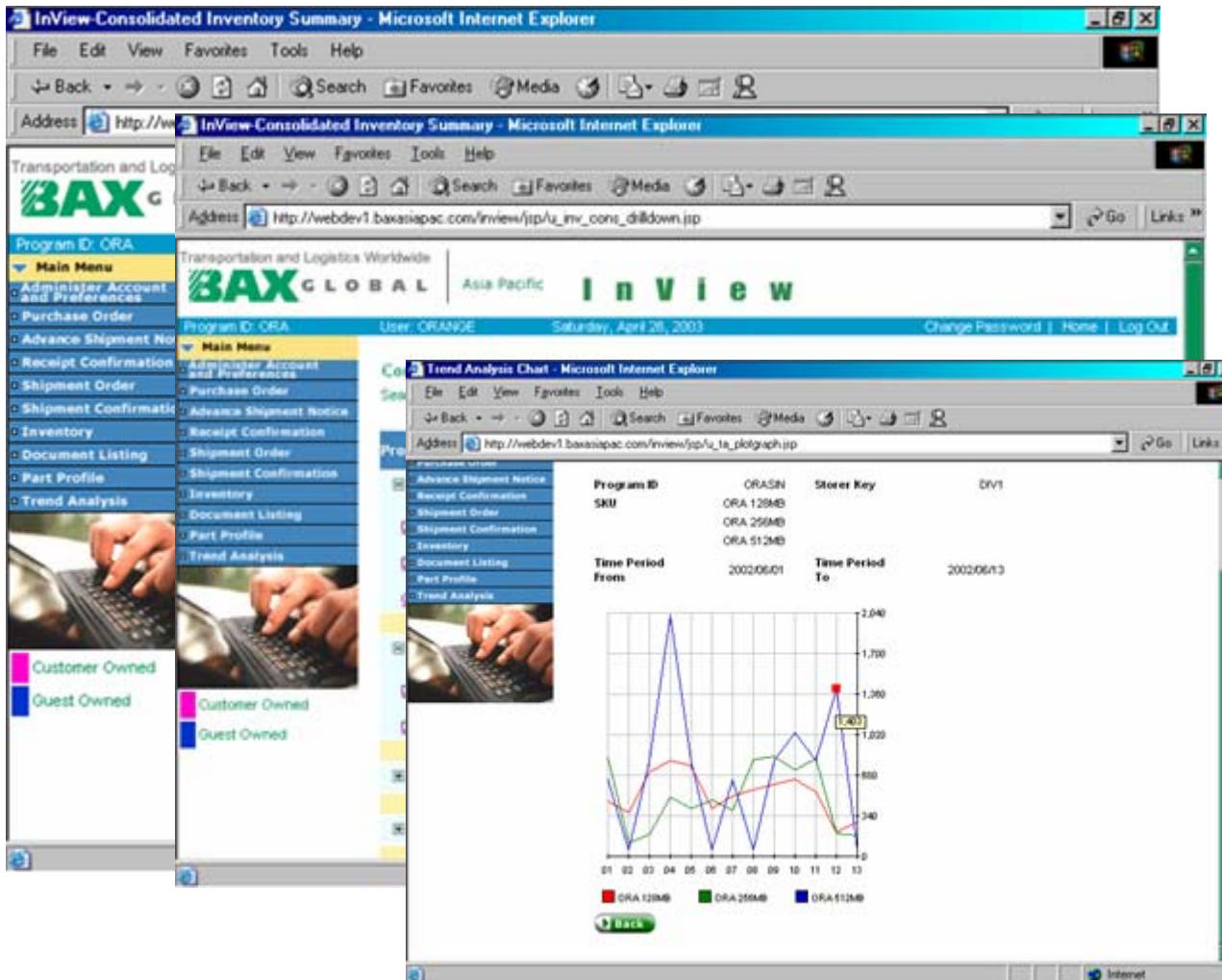
# Bonded/ Non-Bonded Process management Solution



# Overall Process & IT Solution



# LSP IT System - Consolidated Inventory Visibility



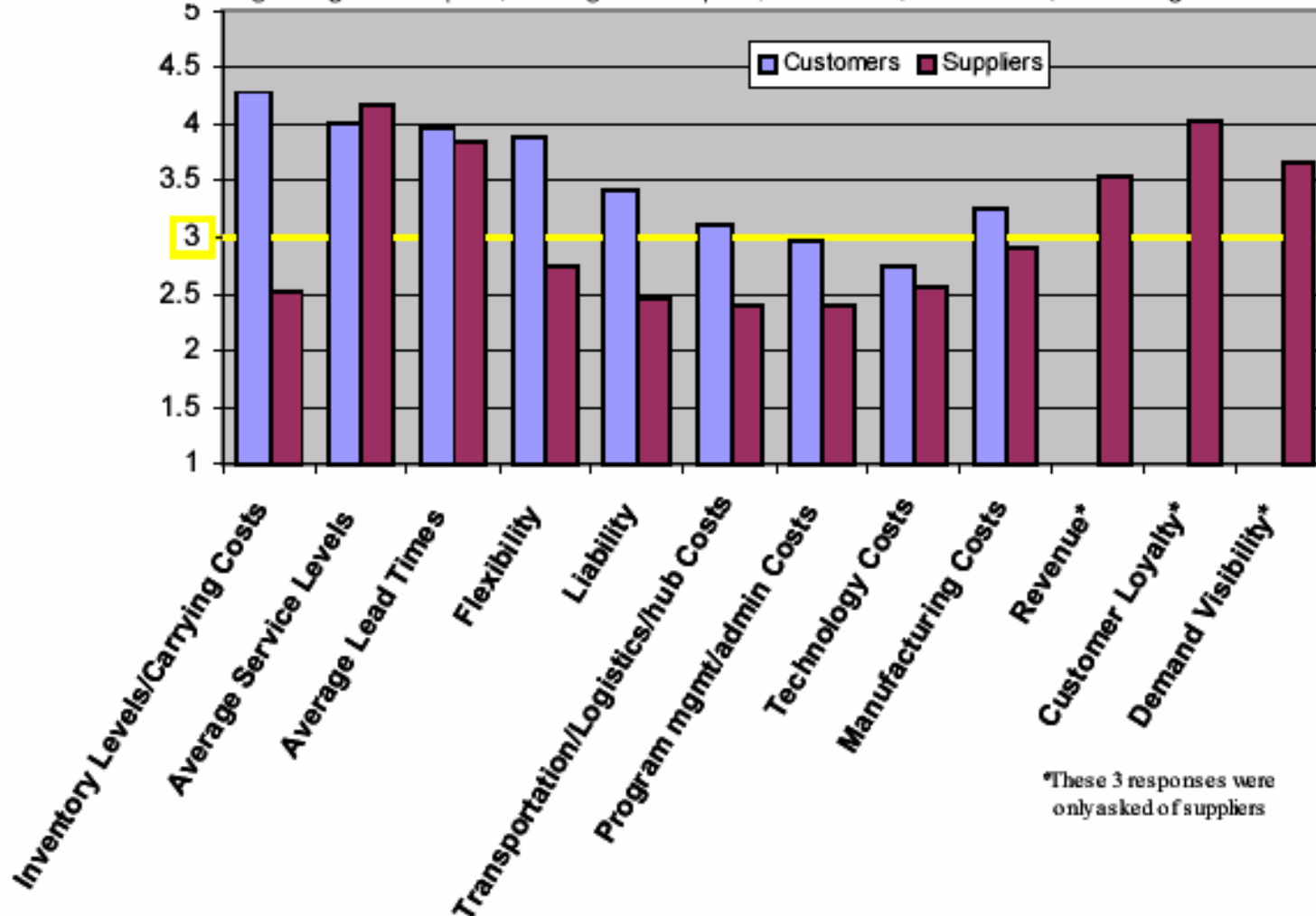
Features include:

1. Personalized view of total inventory
2. Alerts
3. Search Function
4. Document Folders
5. Inventory Trends Analysis
6. Inventory Aging Report
7. Receipt & Shipment Confirmation
8. Purchase Order, Shipment Order & ASN
9. Transaction Report
10. XML Extraction

# Benefits of VMI

What has been the impact of VMI relationships on the following areas?

1=Large Negative Impact, 2=Negative Impact, 3=Neutral, 4=Positive, 5=Strong Positive Impact





# Benefits of VMI

- Visibility of inventory to the parties of demand and supply via the coordination management.
- Minimize the risk of material overstock which is caused by forecast deviation.
- Keep the best optimization of storage level to decrease the redundancy and enhance the stock cycle.
- Improve the responsibility and flexibility of the supply-demand to balance the overstock and shortage of material.
- Achieve the best stock level and lowest cost in the whole supply chain.

# Overview Of Main Responsibilities

## VENDOR

- **Ensure adequate inventory buffer level at 3PL Hub**
- **Provide shipment delivery Pre-Alert to 3PL Hub**
- **Delivery to dock of 3PL Hub**
- **Conform to “Consigned To” shipping documentation requirements**
- **Ensure carton and inner pack labels conformance**
- **Provide disposition for shipments with Damage / Discrepancy**
- **Provide disposition for shipments that fail Source Inspection by customer IQA**

# Overview Of Main Responsibilities

## Customer

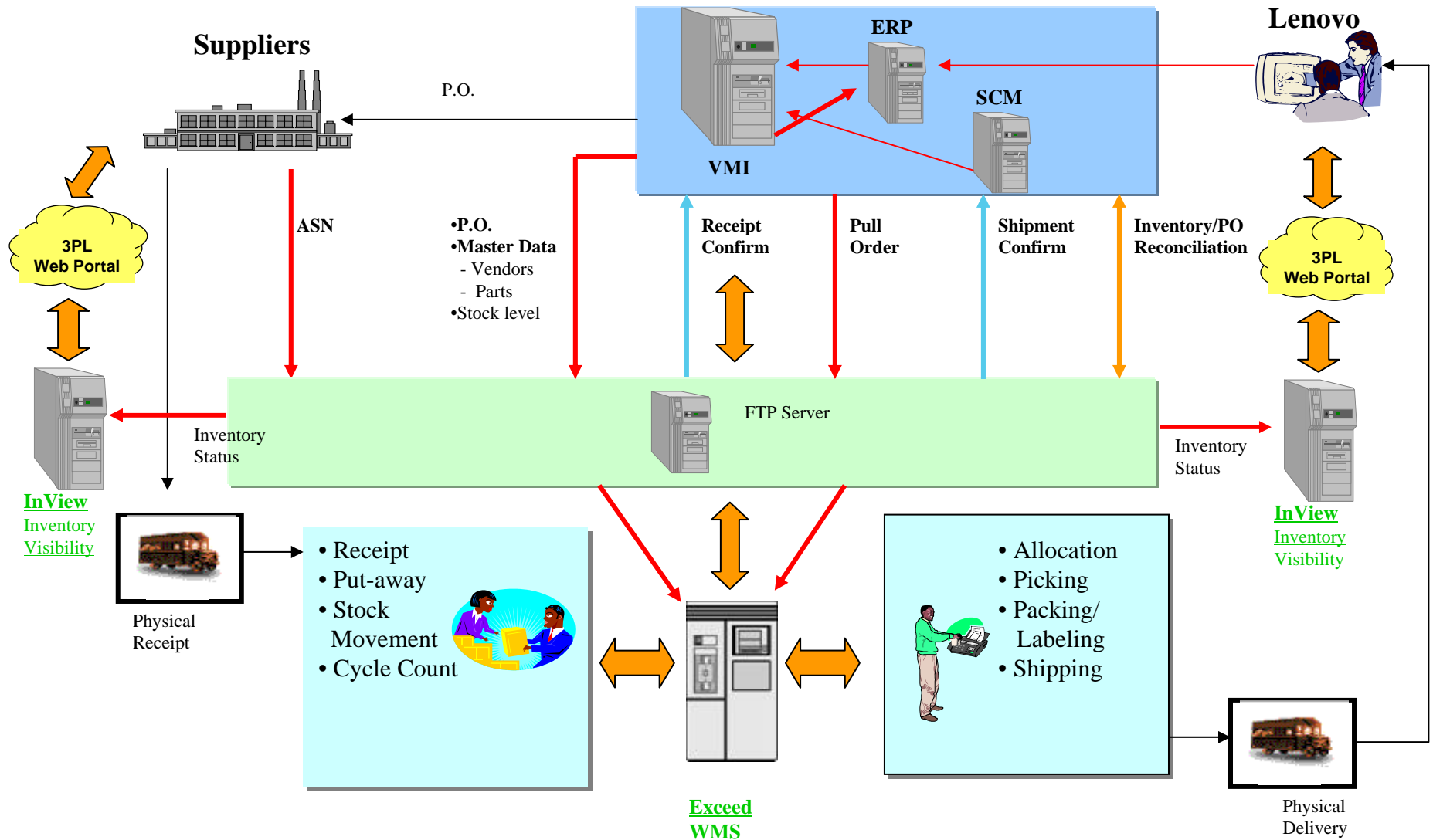
- Advise 3PL Hub on inclusion of new Vendors
- Refresh Parts & Vendor Master list to 3PL Hub weekly
- Establish and communicate required buffer levels at 3PL Hub
- Provide electronic pull signals to 3PL for issuance of material to customer
- Provide list of expected incoming shipments to 3PL
- Perform Source Inspection on designated inbound SKUs
- Respond with disposition where required

# Overview Of Main Responsibilities

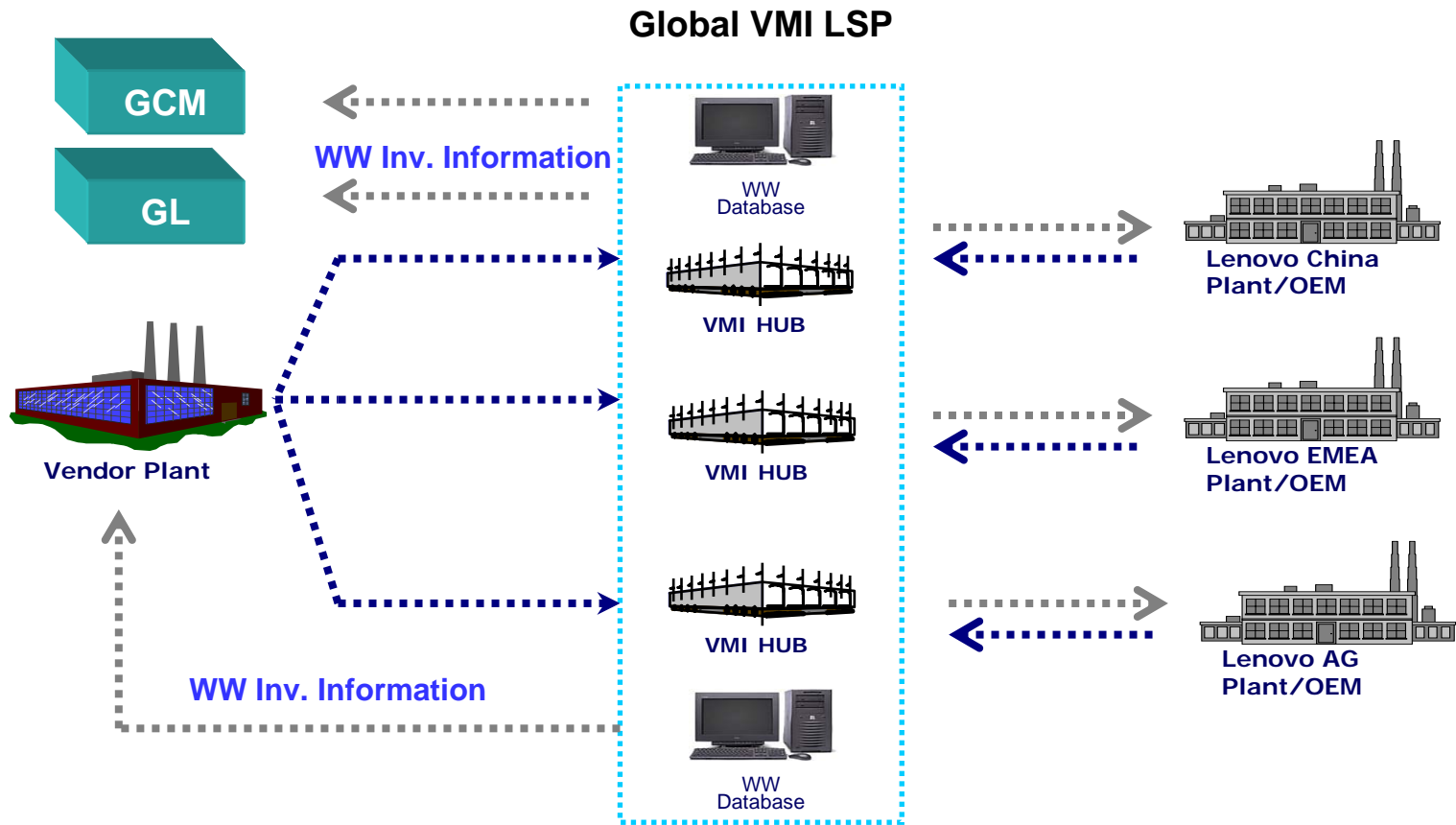
## 3PL

- **Management of Hub, shipment receiving, storage, inventory control, issuance & delivery**
- **Perform cycle count activities**
- **Act on shipments with damage, discrepancy – revert for disposition**
- **Provides snapshot inventory status and movement reports – 3PL web.**
- **Triggers Vendors by email when inventory level dips below minimum level**
- **Billing of Hub standard service charges to customer**
- **Facilitate ad-hoc requests by Vendors**
- **Provide value added services (charges to requesting party / per mutual agreement)**

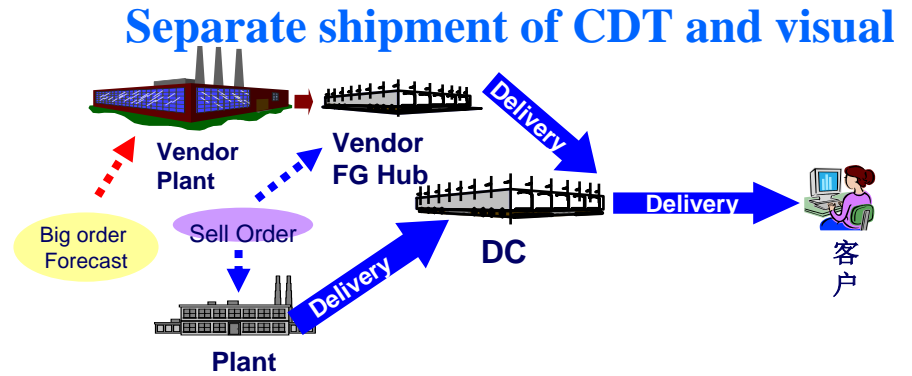
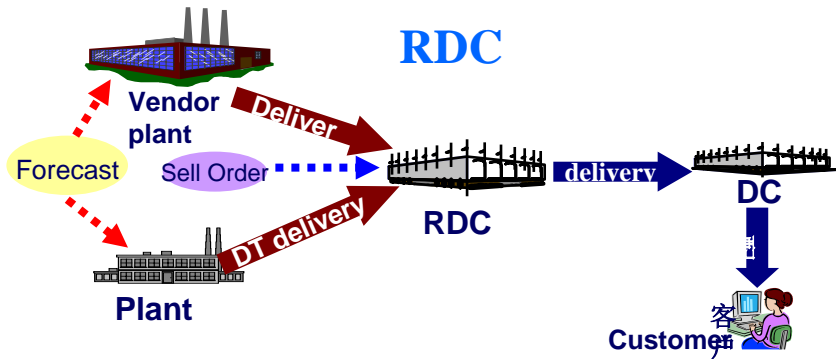
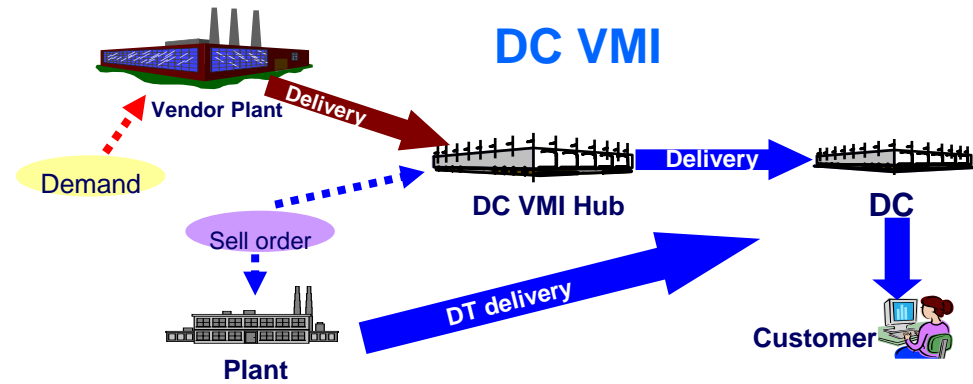
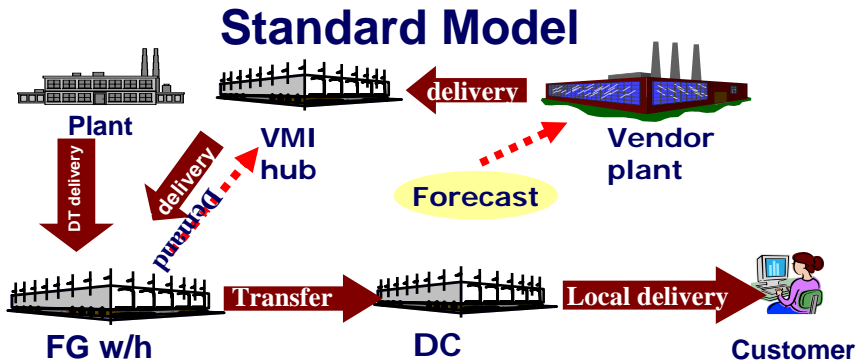
# Material Inbound VMI System Process



# System Implication



# VMI model extension



# Q&A



**thank you** grazie **merci** danke **grazias** 謝謝 спасибо  
gracias **obrigado** ありがとう **dank** takk **bedankt**

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