Inventory management & information system suggestions

for Fun Sports

TEAM: VICTORY

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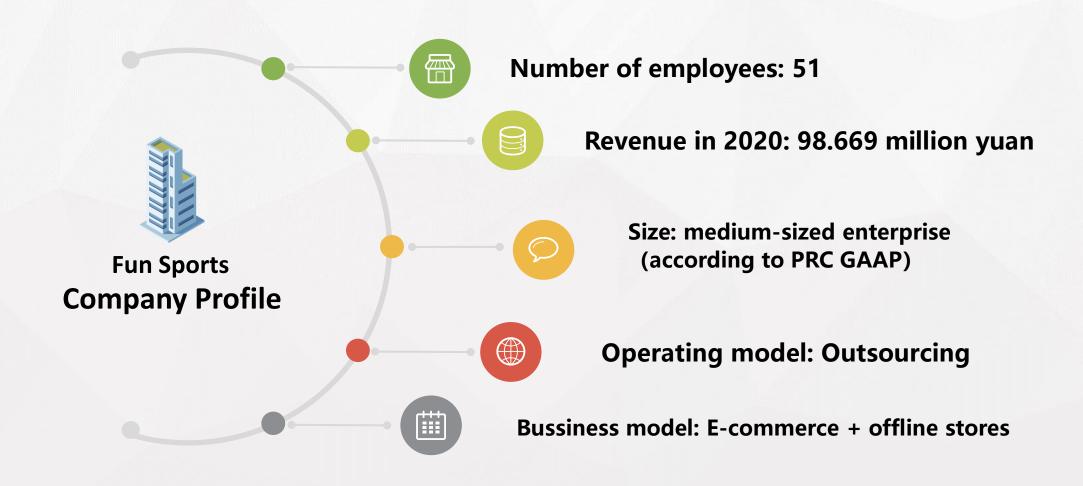Zhao Yuxiao, Wang Yirong

Overview

PROB & SOL

Requirement

Study & REC

Fun Sports
Company Profile

Number of employees: 51

Revenue in 2020: 98.669 million yuan

Size: medium-sized enterprise (according to PRC GAAP)

Operating model: Outsourcing

Bussiness model: E-commerce + offline stores

Customers

E-commerce Platforms

Fun Sports

OEMs

Orders

Production Outsourcing

Delivery

Inventory Management Problem

Inventory of small-sized production

Inventory of large-sized production

Production Return

Internal Warehouse

OEM's Warehouse

Production Return

Problem 1：

Fun Sports

OEMs

✖ **Outdated inventory system**
✖ **No data sharing**

Warehouse

Solution：

Departments of Fun Sports

Virtual inventory in **E-commerce platforms**

New information management system

OEMs

Inventory situation in **warehouses**

More efficient communication & information sharing

Problem 2, 3, 4:

Solution：

Lack of
Inventory management department corresponding internal control system

- Strengthen custody department **supervision**
- Strengthen **internal control** and **performance appraisal mechanism**

Lack of
Regular inventory stock-taking system accounts don't match with facts

- ✓ **Set up a independent stock-taking group**
- ✓ Prepare stock-taking plans in advance and conduct a field search
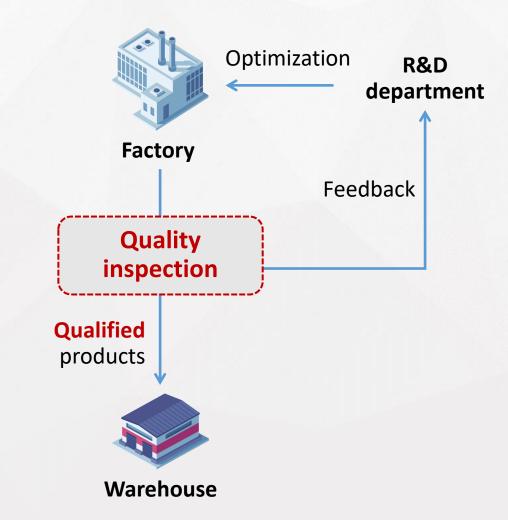- ✓ Report stocktaking in time
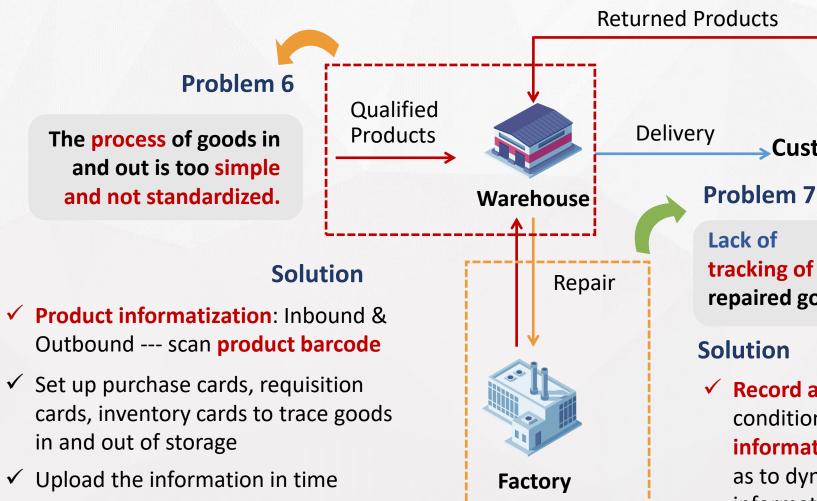
Unsalable products backlog, warehouse stacked chaos

- Report unsalable goods, analyze reasons
- **Production informatization**
- Categorizing goods

Problem 5：

OEMs → **Products Inbound** → Warehouse

Directly

ER-003 multifunctional climbing frame

	Return in 7 days without any reasons
	Quality
	Courier

0%   50%   100%

Due to the quality problem

Solution：

Factory ← **Optimization** ← **R&D department**

Quality inspection → Feedback ↑

Qualified products ↓

Warehouse

Returned Products

Problem 6

Qualified Products

Delivery

Customers

Warehouse

Problem 7

The **process** of goods in and out is too **simple and not standardized.**

Lack of **tracking of the repair status** of the repaired goods and **supervision**

Solution

Repair

Solution

✓ **Product informatization**: Inbound & Outbound --- scan **product barcode**

✓ Set up purchase cards, requisition cards, inventory cards to trace goods in and out of storage

✓ Upload the information in time

Factory

✓ **Record and upload** the time, repair conditions and reasons on the **information management system**, so as to dynamically query the inventory information

Overview

Problems & Solutions

Requirement

Study & REC

Lack of perfect mechanism between suppliers, OEM, logistics side and Fun Sports

Problem 8

Problem 9

Stocking policy is rigid. **Ordering cycle** is too long.

➢ Use **information management system** to achieve suppliers, manufacturers, logistics providers and other upstream and downstream enterprises resource sharing.
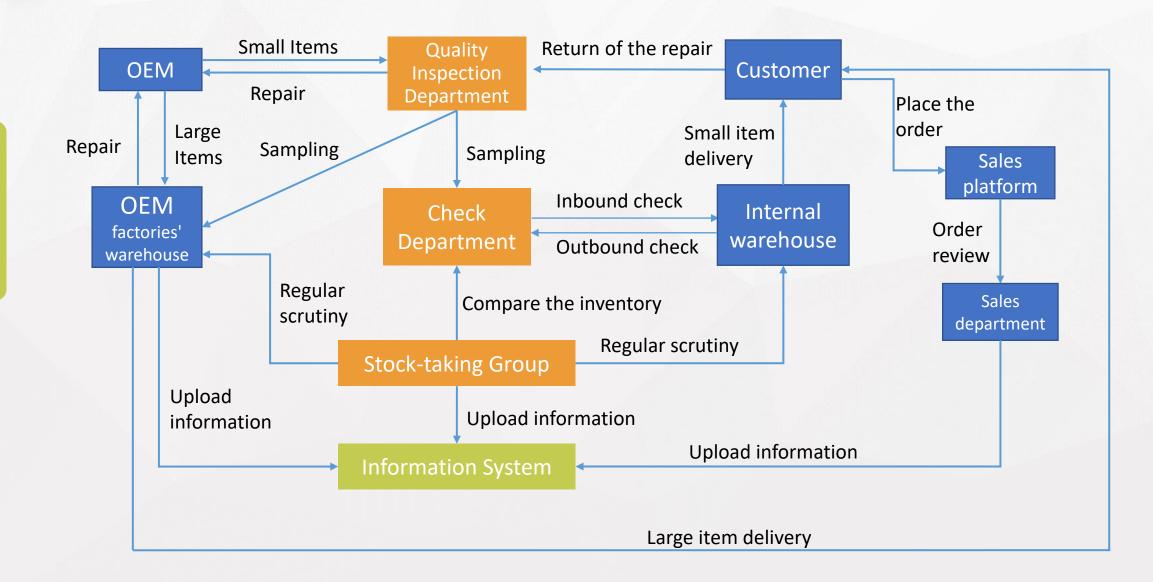
➢ Increase **quality control in raw material procurement**.

➢ Shorten procurement cycle and advance production.
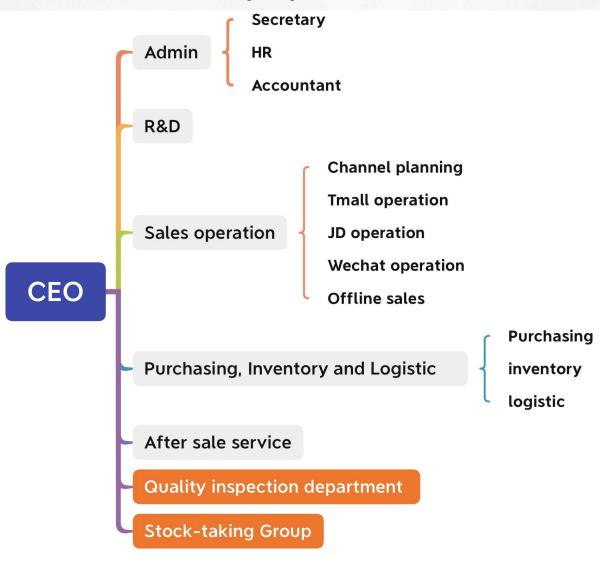
◆ **PROB & SOL** | Inventory management flow chart

OEM

OEM factories' warehouse

Quality Inspection Department

Check Department

Internal warehouse

Customer

Sales platform

Sales department

Stock-taking Group

Information System

Small Items

Return of the repair

Repair

Repair

Large Items

Sampling

Sampling

Place the order

Small item delivery

Inbound check

Outbound check

Order review

Regular scrutiny

Compare the inventory

Regular scrutiny

Upload information

Upload information

Upload information

Large item delivery

Company structure

CEO

- Admin
  - Secretary
  - HR
  - Accountant
- R&D
- Sales operation
  - Channel planning
  - Tmall operation
  - JD operation
  - Wechat operation
  - Offline sales
- Purchasing, Inventory and Logistic
  - Purchasing
  - inventory
  - logistic
- After sale service
- Quality inspection department
- Stock-taking Group

How to choose a proper information system?

1. Analyze the functional needs of the information system.

2. Decide what kind of information system is suitable for Fun Sports.

3. Search the information systems on the market
and choose the most suitable one.

4. Analyze what needs to be input and estimate the time of effect.

Inventory information Timely, Sharing

1

➢ **Update the inventory information** of the internal warehouse and OEM's warehouse and **share it timely**.

➢ **Update the virtual inventory** of each **e-commerce platform** in real time.

Standardization Traceability

2

➢ **Standardized the process of warehousing**.

➢ **Products' real-time status tracking** and **repair time and cost record** in the repair process.

Product quality information Quarriable

3

➢ **Store and provide** quality inspection **procedures, standards and feedback results**

➢ **Quality and problem registration of returned products.**

Connectable with accounting & stocktaking

4

➢ Improve **the truth and fair degree** of accounting information

WMS --- Warehouse Management System

Storage location management

Quality inspection and tracing

WMS

Stock in and out

Inventory count and warning

Material distribution

Warehouse return management

➤ WMS system is **beneficial to control product quality and cost**, and **improve core competitiveness**.

ERP --- Enterprise Resource Planning System

Traditional ERP System   **VS**   **Cloud** ERP System

- Installed on the local server

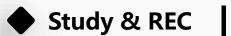- Company's ERP professionals take charge of daily operation and maintenance work
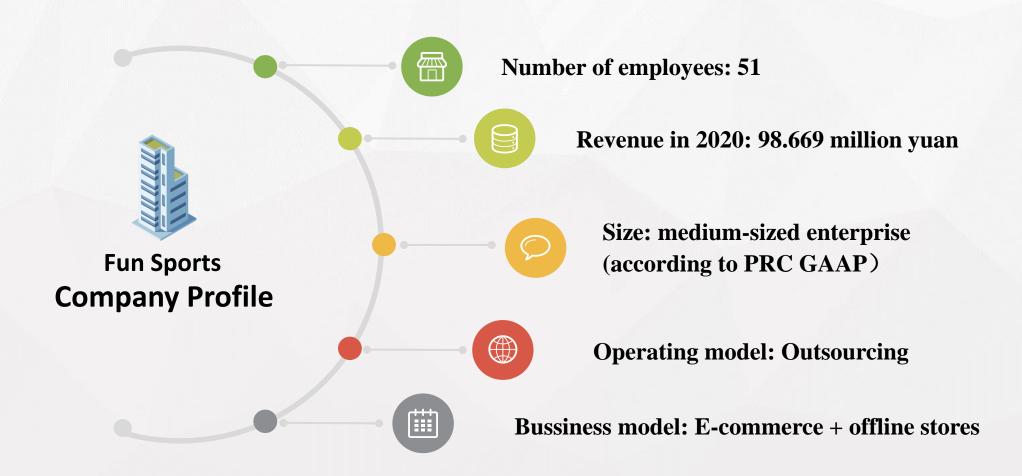
- Deployed on their own cloud servers or third-party cloud servers

- Maintenance related to ERP are all undertaken by software manufacturers, **reducing the maintenance cost**.

More Mature   **Cheaper**

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	Advantage	Disadvantage
SAP ORACLE® Foreign ERP products	1. The software can be well suited to more industries 2. More successful cases and solutions	1. Lack of localization **2. High level of technical staff required** **3. High acquisition and maintenance costs**
用友 yonyou · Kingdee S RENHXY®ERP Domestic ERP products	**1. Easy to use and avoid the language barrier** **2. Lower training costs and post-use costs**	1. Lack of successful cases and solutions 2. The software system is less flexible
网店管家 电商ERP解决方案 **旺店通** ERP for e-commerce industry	1.Business with e-commerce is more suitable	1. **No financial function** 2. "E-commerce ERP + Good Accountant" can **not do a good integration** **3. No good after-sale service**

		用友 yonyou 智+	Kingdee	RENHXY®ERP
Price		￥8640 /year	￥63800	￥18260 /10 users Secondary increase in users：￥980 Secondary custom development:￥560
Requirements	Multiple inventory management	√	√	√
	Inventory synchronization with E-commerce	√	√	√
	Inventory management	√	√	√
	Quality inspectionand tracing	√	√	×
Upgrade		√	×	×
Cloud ERP		√	×	×

用友
yonyou

➢ Good after-sales service
➢ Mature productions
➢ Similar logical of use

好会计

- Cloud-based **finance management** tool that only integrates invoice, finance and taxation.
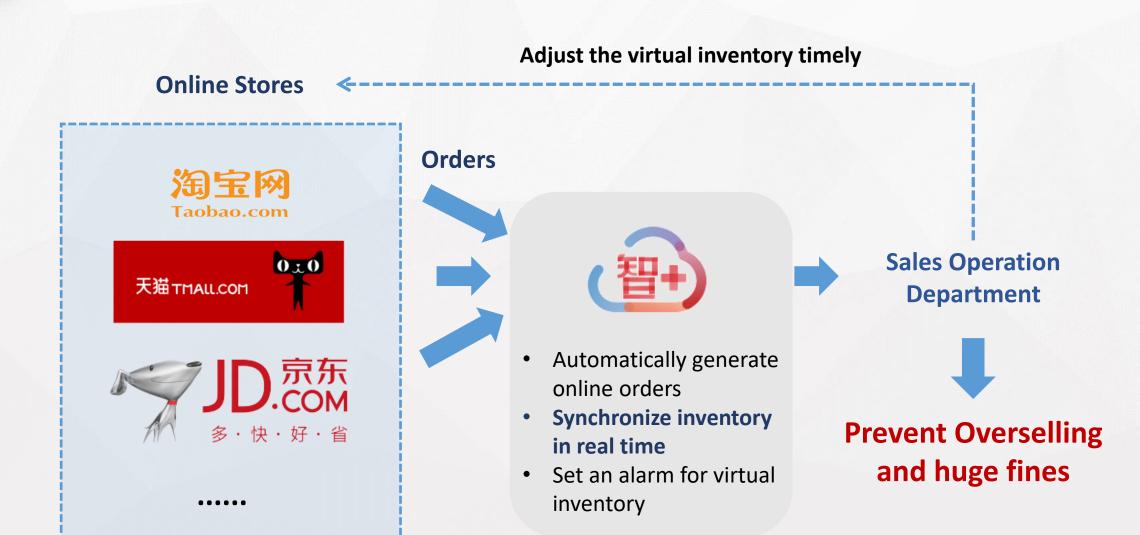
Upgrade

智+

- Cloud-based ERP system
- For **small and medium-sized** enterprises
- Specially **designed for e-commerce enterprises**

Future development

T+ Cloud

- Cloud-based ERP system
- For **medium-sized** enterprises

Adjust the virtual inventory timely

Online Stores

Orders

淘宝网 Taobao.com

天猫 TMALL.COM

JD.COM 京东 多·快·好·省

……

智+

- Automatically generate online orders
- **Synchronize inventory in real time**
- Set an alarm for virtual inventory

Sales Operation Department

Prevent Overselling and huge fines

What needs to be invested?

Money for system's further upgrade

- Add **optional functions and services** in ERP system for further development

- System upgrade and maintenance

Purchase warehouse equipment

- set up **computers and handheld scanning devices** in warehouses
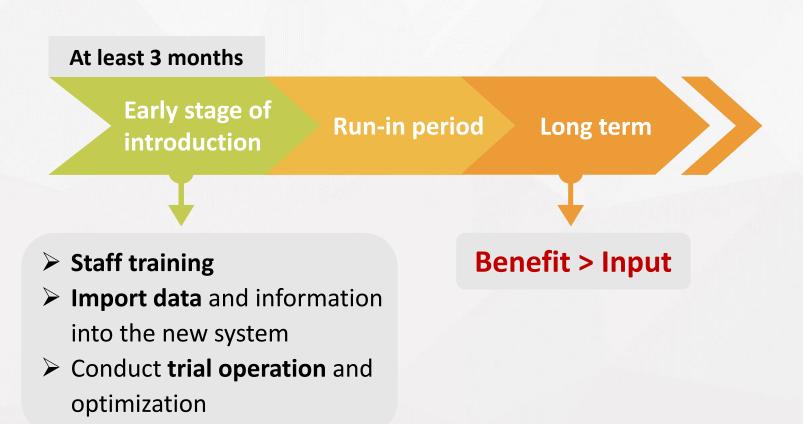
Staff training

- Warehouse personnel and quality control personnel need to **be trained on the process of warehousing and quality control**, so as to **standardize the process**.

- Accountant, purchasing, inventory and logistic personnel should be trained to **use the system**.

Overview

PROB & SOL

Requirement

Study & REC

Estimated time of effect：At least 3 months

At least 3 months

Early stage of introduction

Run-in period

Long term

➤ **Staff training**
➤ **Import data** and information into the new system
➤ Conduct **trial operation** and optimization

Benefit > Input

Warning：

➢ **ERP ------ An information integration system**

➢ It can solve some of the most urgent short-term problems for Fun Sports, but **it can't create customers and products**.

> ➢ Long-term development
>
> Fun Sports must **improve its** production quality, market reputation, corporate culture **and its core competitiveness, and make up for its shortcomings.**

THANKS FOR YOUR LISTENING !