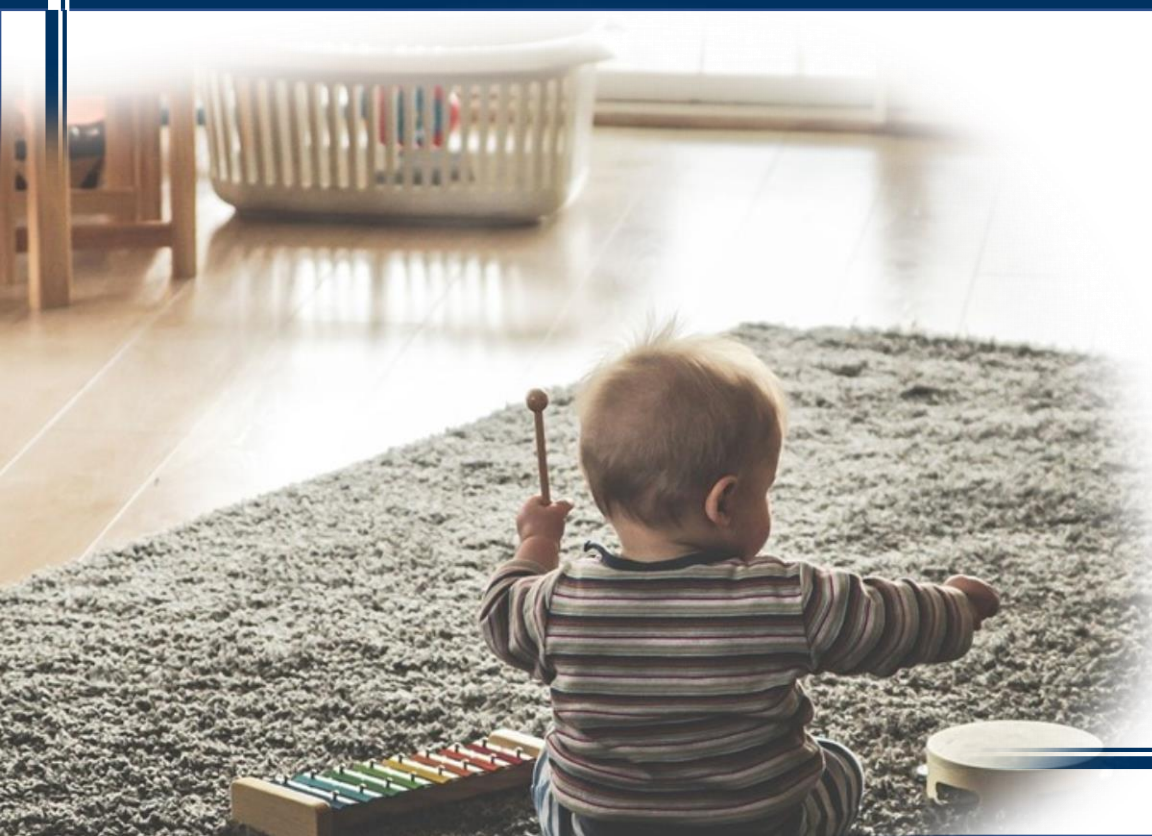


Eun Sports™

Gryffindor
XN20211332

The Inventory Management Practice of an E-commerce Company



Team Member

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A baby is sitting on a light-colored, textured rug in a room with wooden floors. The baby is wearing a striped long-sleeved shirt and is holding a small mallet, playing a xylophone. There is a small round wooden drum to the right of the baby. In the background, there is a white laundry basket and a window with a metal mesh screen.

Eun Sports™

1 Overview

- Company Profile
- Porter's Five Forces Analysis

Company Profile—Fun Sports, a B2C online store of sensory integration training equipment



Main Business

A small B2C online store that operates sensory training equipment, created its own "Fun Sports" brand, achieved product **differentiation** through **independent research and development**, and reached rapid development in this field.

01



Existing Difficulties

Due to the neglect of **product quality control** and **enterprise internal control system**, Fun Sports is faced with a series of inventory management problems such as data cannot be shared in real time and inventory system is outdated.

03



Business Mode

Fun sports develops and designs products independently and adopts **outsourcing customization mode** for production. It expands sales channels **online and offline** with its own brand. At present, **online sales** is the main focus, and the main platform is Tmall.

02

Fun Sports

Porter's Five Forces Analysis

New Entrants

Threat: The entire domestic toy market **lacks leading enterprises**, the market share of a single enterprise is low, economies of scale has not yet been achieved, and the **barriers to entry are low**.

Opportunity: *Fun Sports* is competitive in the **market segment** due to technical advantage, and the **entry barrier is high**.



Suppliers

Threat: The current sales volume of *Fun Sports* is not large, **economies of scale have not yet been achieved**, so the **bargaining power is weak**; suppliers may carry out forward integration.

Opportunity: The **high cost** of raw materials can be **transferred to consumers**, which has little impact on profits.

Rivalry

Threat: The **foreign toy market is mature**, and occupies the global high-end toy market with its brand effect and perfect industrial chain. Compared with it, *Fun Sports* is small in scale and weak in strength.

Opportunity: *Fun Sports* implements the **differentiation focus strategy**, positioning itself in the high-end toy market with high demand growth, focusing on the production of creative and high-quality sensory integration training toys, and adopts commissioned customized processing mode with low fixed cost, which **greatly avoids the head-on competition with peer enterprise**.

Buyers

Threat: Low number of buyers and **low conversion costs**.

Opportunity: Consumers pursue personalized products and are **not price sensitive** to the high-end toys.



Substitutes

Threat: **Low conversion costs**

Opportunity: *Fun sports* pursues **product differentiation and recognition**. The characteristics and attractive-ness of its products reduce the value of substitutes.

Eun Sports™

2 Question 1

- Existing Problems
- Corresponding Solutions



Existing Problem ①: Management Information System Is Imperfect

►► Asynchronization of the Inventory Information ◀◀

The inventory information about the 3 platforms **cannot be updated synchronically** and the virtual inventory setting results in **inconsistency between the total inventory on the three platforms and the actual inventory**.



►► Problems of Real-time Sharing ◀◀

The inventory information about Fun Sports and OEMs **cannot be shared in real time**. Supplements must be made to original accounts based on receiving and delivery records to track purchases, sales and inventory.



Existing Problem ②: Inventory System Is Outdated

Inbound

Fun Sports confirms the quantity of goods inbound based on certificates of quality inspection and receipt documents issued by OEMs, **without approving the real quantity and quality.**

Stocktaking

- ◆ It is **difficult** to check the goods inventory due to **frequent inbound and outbound deliveries.**
- ◆ There is **no physical inventory count** for OEMs .



Outbound

- ◆ The quantity of goods outbound is **confirmed at once** at the end of each month based on orders realized online.
- ◆ The **long time interval** leads to **error** during the peak season.

Stockkeeping

- ◆ It is **difficult** to record defective or repaired products in the inventory system and Excel may be used for this purpose.
- ◆ The quality of returns are **not accurately documented.**
- ◆ Some products with **excess inventory** have **been kept for a long time.**

Existing Problem ③: Employee Management System Is Immature

Warehouse Keepers Lack of Professionalism

- The return and exchange procedures had not been well preformed by the **warehouse keeper** with **laxed inspection on returned products**.
- The **warehouse keeper failed to locate normal and defective products** in different designated areas in the warehouse.
- The returns and exchanges were **not recorded in books in time**.
- If some parts were missing throughout the return and repair process, the defective products would be removed for replacement.

A Lack of Performance Evaluation and Management System

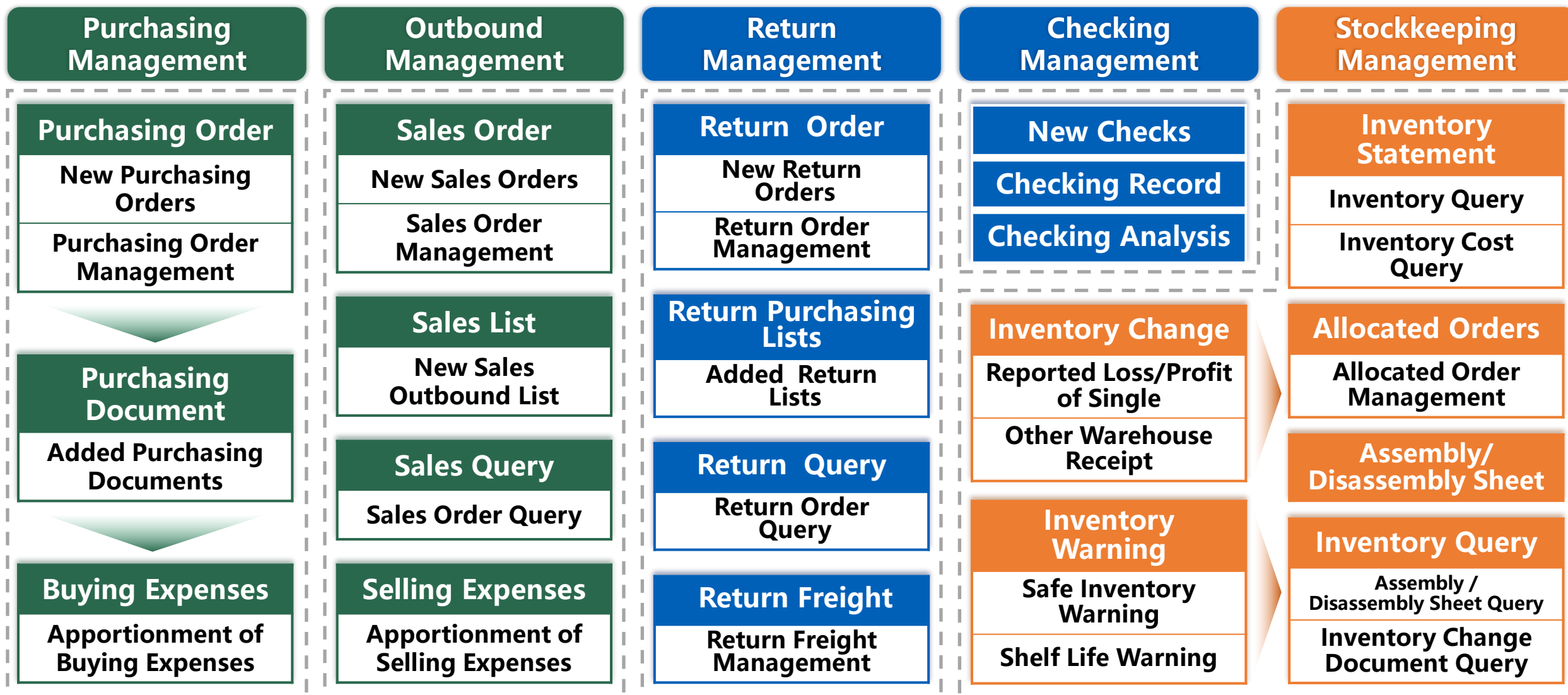
- There is **no performance evaluation system** to assess the work of employees.
- There is a **lack of staff training and management system** to standardize the operation of employees.

PERFORMANCE

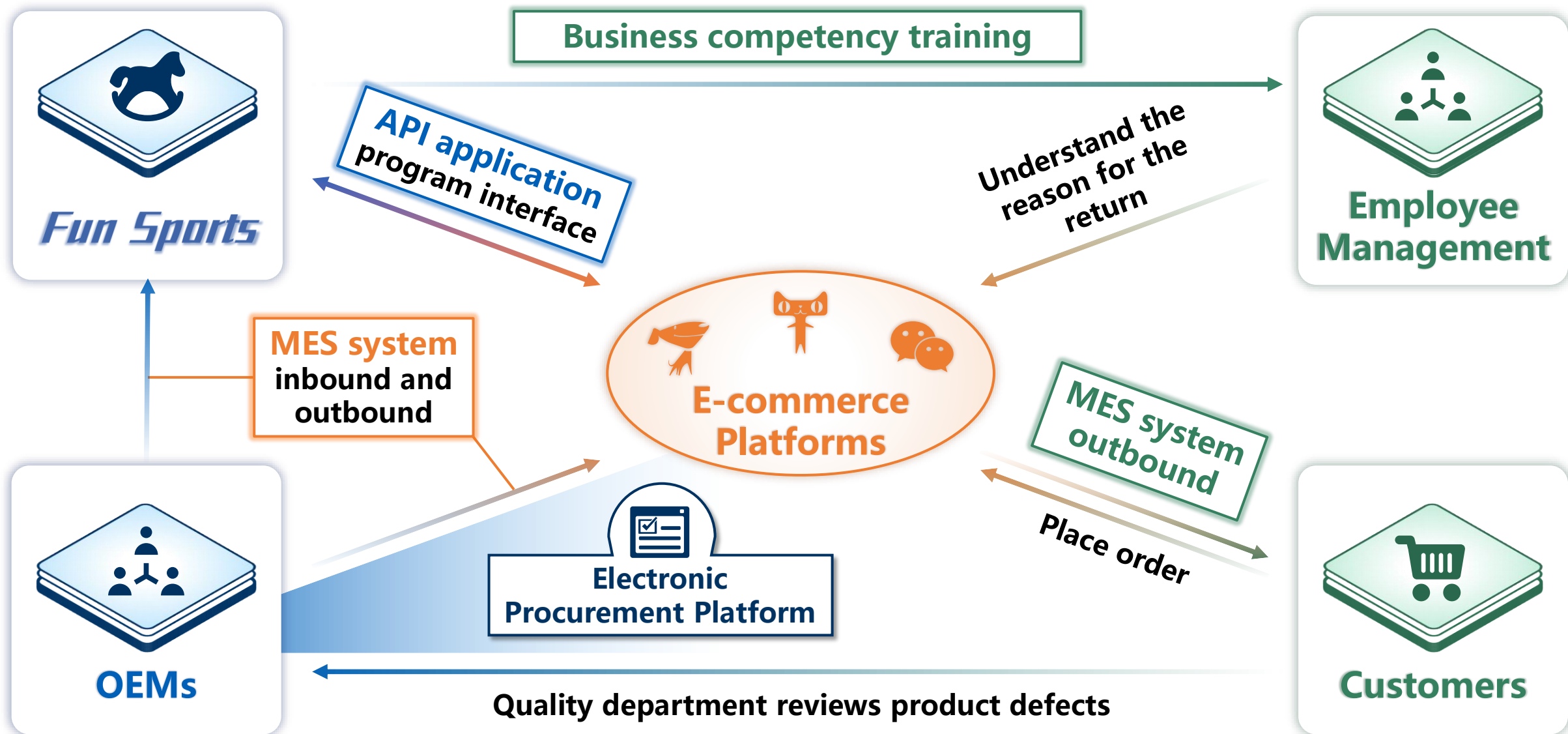


Solution ①: Establish an Information Platform for Inventory Management

Information Management System for Inventory Management

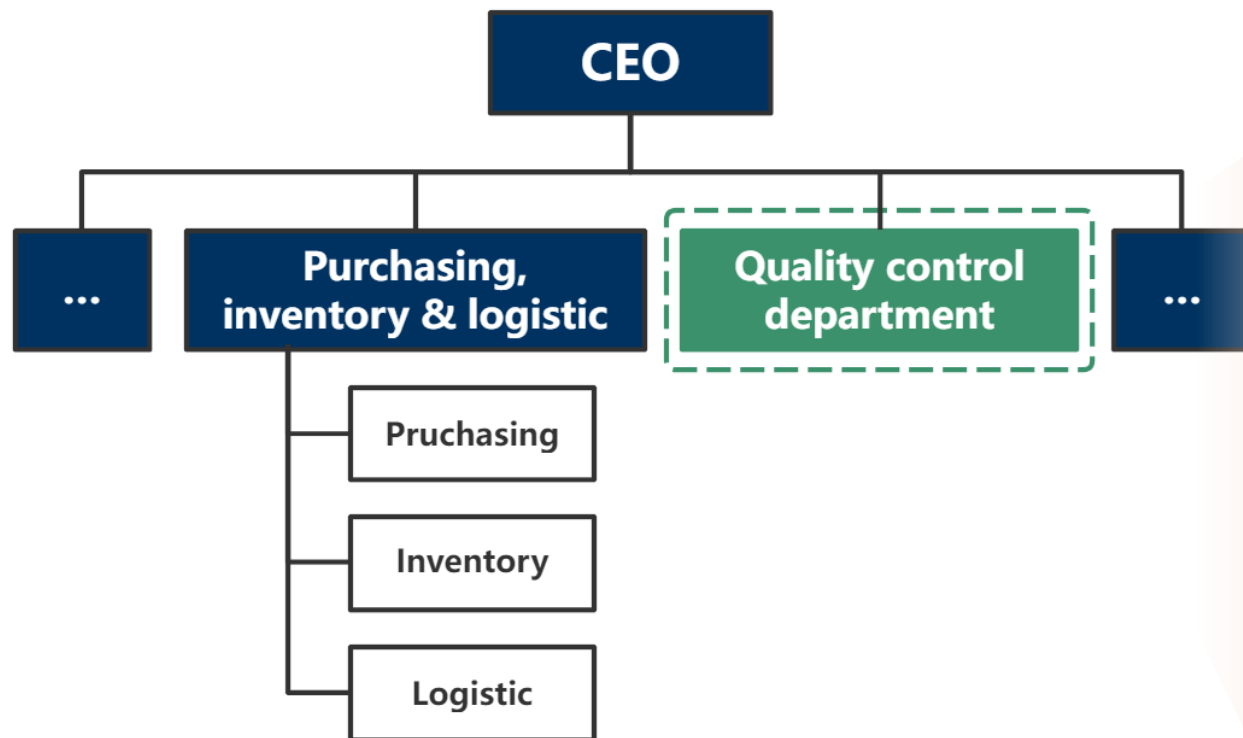


Solution ①: Application of the Information Platform



Solution ②: Improve Inbound and Outbound Process

STEP 1 ► Set a Quality Control Department



Quality Control Department

Responsible for processing the product quality inspection and control, including the **Quality Controller (QC)** to ensure the high quality of products from the production, inbound, keeping, checking to outbound.

The **consistency** between **inventory and accounting ledger** & Improved **quality control**

Check the quantity of good inbound

Spot check the quality of good inbound

Note: For large-size products, the quality inspector will go to the OEMs' warehouse for inspection.

Solution ②: Improve Inbound and Outbound Process

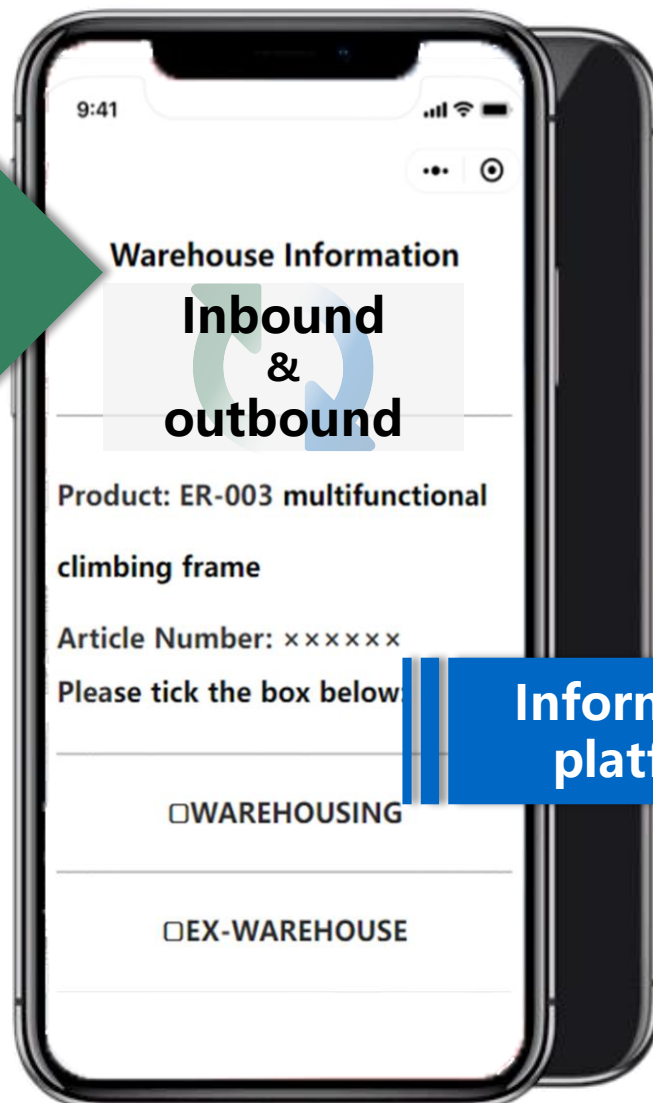
STEP 2 ► Establish Inbound and Outbound Mechanism based on information platform



SCAN

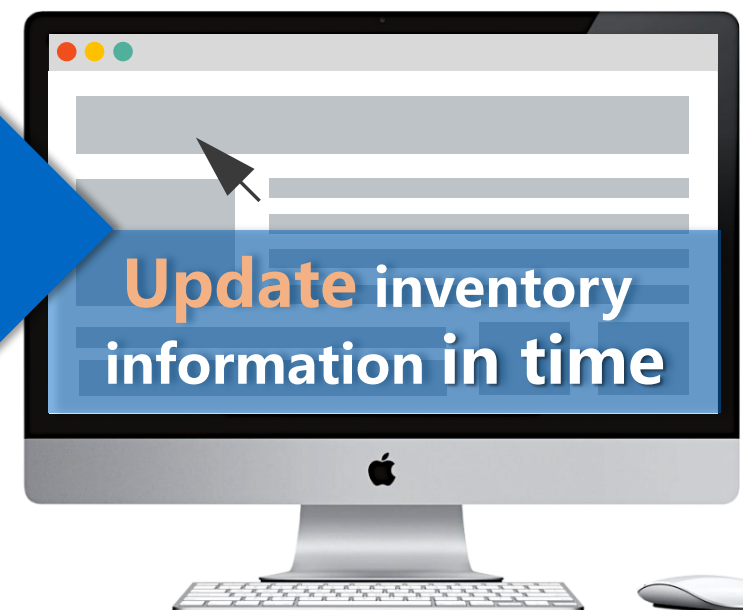
Note

Every product has its own **QR code** which **records** its **detailed conditions** like production date and delivering warehouse.



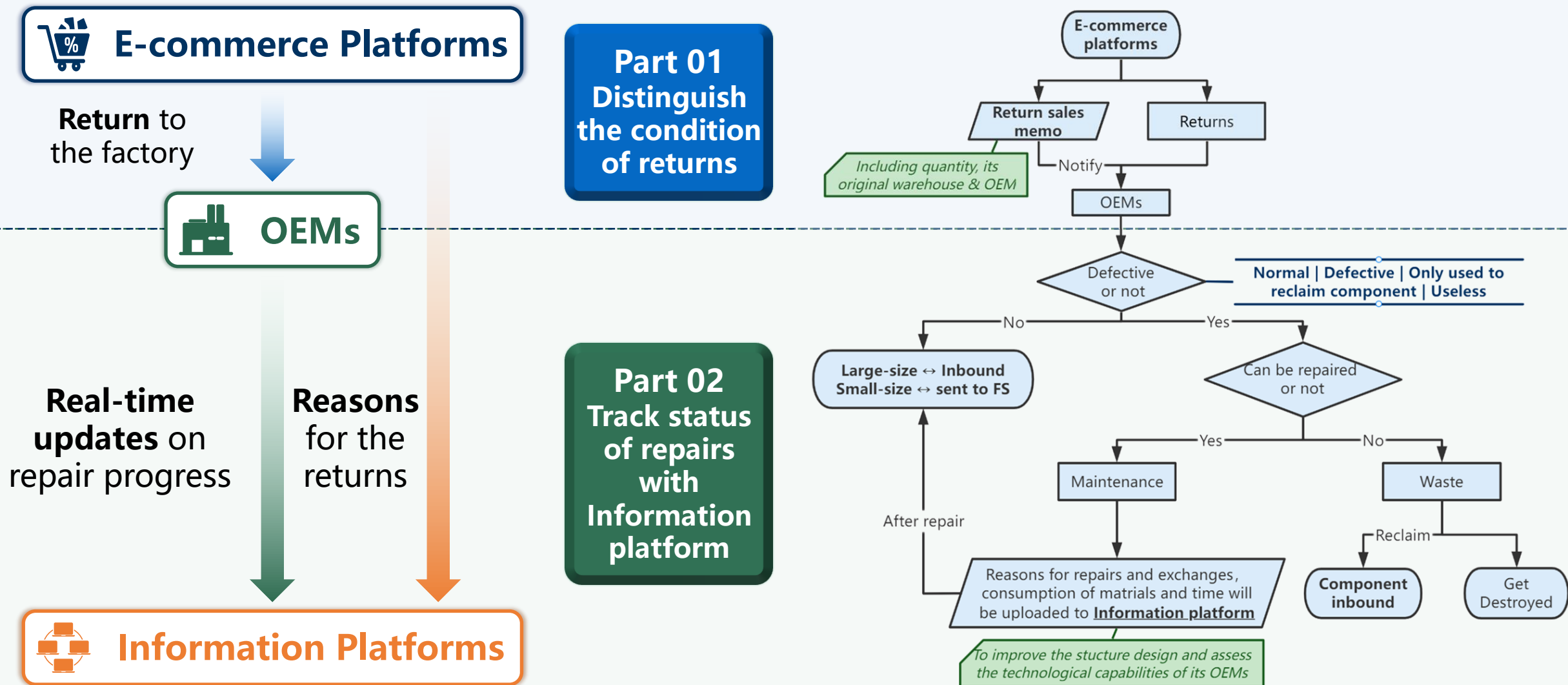
By Information platform, *Fun Sports* can master **each product's** specific condition and the **whole inventory status**.

Information platform



Solution ③: Standardize the Warehousing and Stocktaking System

STEP 1 Distinguish the Condition of Returns and Track Status



Solution ③: Standardize the Warehousing and Stocktaking System

STEP 2 Deal with Excess Inventory



Production Planning

Timely feedback of excess inventory to **purchasing department** to make proper purchasing decisions



Product Handling

Sell excess inventory at **lower prices or donate** them to institutions such as welfare homes

STEP 3 Establish Stock-taking System

REGULAR & DYNAMIC Stock-taking System

REGULAR

QC from Quality Control Department should **go to warehouses regularly** to check the quantity and quality of inventory to ensure the **accuracy of inventory record**.



DYNAMIC

To realize warehouse receiving & delivering & stocktaking **being carried through at the same time**: ① Notify warehouse keepers earlier to prepare enough products for same-day delivery; ② Store the **newly receiving** goods separately; ③ **Finally check** for products in ① and ② step.

Solution ④: Establish the Employee Management System

Employee Business Ability and Quality Improvement

Training Content

Professional Ability

Inventory quality identification methods, purchasing negotiation skills, selection of sources, etc

Management Quality

Inventory purchasing budget, employee management, **purchasing supervision**, etc

Professional Ethics

Bear hardships and stand hard work, withstand pressure and setbacks, adapt to changes, communicate and cooperate, and be dedicated and loyal

Training Organization

Training Time

Regular or irregular

Training Staff

The enterprise internal management staff, or hire outside the industry expert, or from the network industry veteran

Training Form

Make full use of **information means** as far as possible

Training & Check

The test can be carried out through **information means**, or the task completion can be taken as the assessment object, and directly linked to the salary

Supporting Measure

Formulate or perfect the corresponding **talent reward system**, create a **good enterprise culture atmosphere**.

Solution ④: Establish the Employee Management System

Employee Performance Appraisal System

Content	Indicators	Indicator Description	Job Performance				Remark
			Worse	Ordinary	Good	Excellent	
Attitude (15%)	Working discipline	Compliance with rules and regulations	1	2	3	4	The performance appraisal is mainly aimed at warehouse keepers
	Initiative	Take responsibility for your work	1	2	3	4	
	Sense of collaboration	Aability to cooperate with colleagues	1	2	3	4	
Ability (20%)	Specialized knowledge	Technical expertise	1	2	3	4	
	Analytical judgment ability	Practical problem solving skills	1	2	3	4	
	Communication skills	Be able to accurately state the goals achieved in the position	1	2	3	4	
Actual Performance (65%)	Whether the return is classified correctly	Check on the spot whether the defective products are correctly classified	1	2	3	4	
	Whether return records are missing	See if the books match up	1	2	3	4	
	Whether the return procedure is standard	See the warehouse keeper's actual operation process	1	2	3	4	

Solution ④: Establish the Employee Management System

Employee Performance Appraisal System

$$\text{Total Score } 12 = \begin{array}{l} \text{Total attitude score} \\ 4 \times 3 \times 15\% = 1.8 \end{array} + \begin{array}{l} \text{Total ability score} \\ 4 \times 3 \times 20\% = 2.4 \end{array} + \begin{array}{l} \text{Total score of actual} \\ \text{performance} \\ 4 \times 3 \times 65\% = 7.8 \end{array}$$

<<< Evaluation Rule >>>

Compare the score of each month within a year, if the score is **less than 8** and the score **does not improve** in the following month **after reminding**

At least 6 months of the year with a score **below 6** in the actual performance category

Replace the warehouse keeper

Maintain the score of **8 points or above** in each month

Give employees commendation and moderate salary incentive at the end of the year

3 Question 2

- Main Demands
- Result of Research



Main Demands of *Fun Sports*

Purchasing Management

Purchasing Decision

Combine **product sales, returns** and **other information** to determine the purchase volume

OEM Relationship

Implement the **selection, cooperation** and follow-up **quality control** of the OEMs

Sales Forecast

Improve forecast **accuracy**

Synchronization of sales information

Collect of sales information from different platforms **timely** for **enquiries** and **analysis**

Inventory Management

Inbound & Outbound Management

Update the inventory data **in real time**

Inventory Information Management

Record various **product information**, such as orders, returns, maintenance etc.

Stocktaking

Upload the **inventory results** to the information system **timely**

After-sales Management

Analysis of Return Reasons

Collect and **analyze** product return **reasons**

After-sales Maintenance

Follow up after-sales maintenance progress

Administrative Management

Performance Evaluation

Establish it based on the employee **performance evaluation system**

Permission settings

Different employees have different **permissions** to access to the system

Research: Overview & Information Management System Market Conditions



Conducted a survey about the **information systems market** and **information system solutions** for *Fun Sports* with managers of two information systems brands, *Kingdee* and *Inspur*.

Survey Object Record

Manager of Kingdee

- Good at establishment of information system
- Rich experience in developing enterprise information solutions

Manager of inspur

- Good at establishment of information system
- Have a good understanding of information system construction and products



According to the enterprise scale and sales revenue, each information management system brand mainly has three product lines, and different solutions are proposed respectively:

Small and Micro Businesses

Inspur Eyun

Yonyou T+Cloud (Changjietong)

Kingdee Jingdouyun

Growing Businesses

Inspur

Kingdee

T+ERP (yun)

Yonyou U8cloud

SAP Business One

Fun Sports belongs to this type of business

InetSuite

ERP

Superdata 7000

...

Large Enterprises





Inspur GS Cloud

Kingdee Yun• Cangqiong

Yonyou NC Cloud

SAP R3

Research: Purchase of Information Management System for Growing Businesses

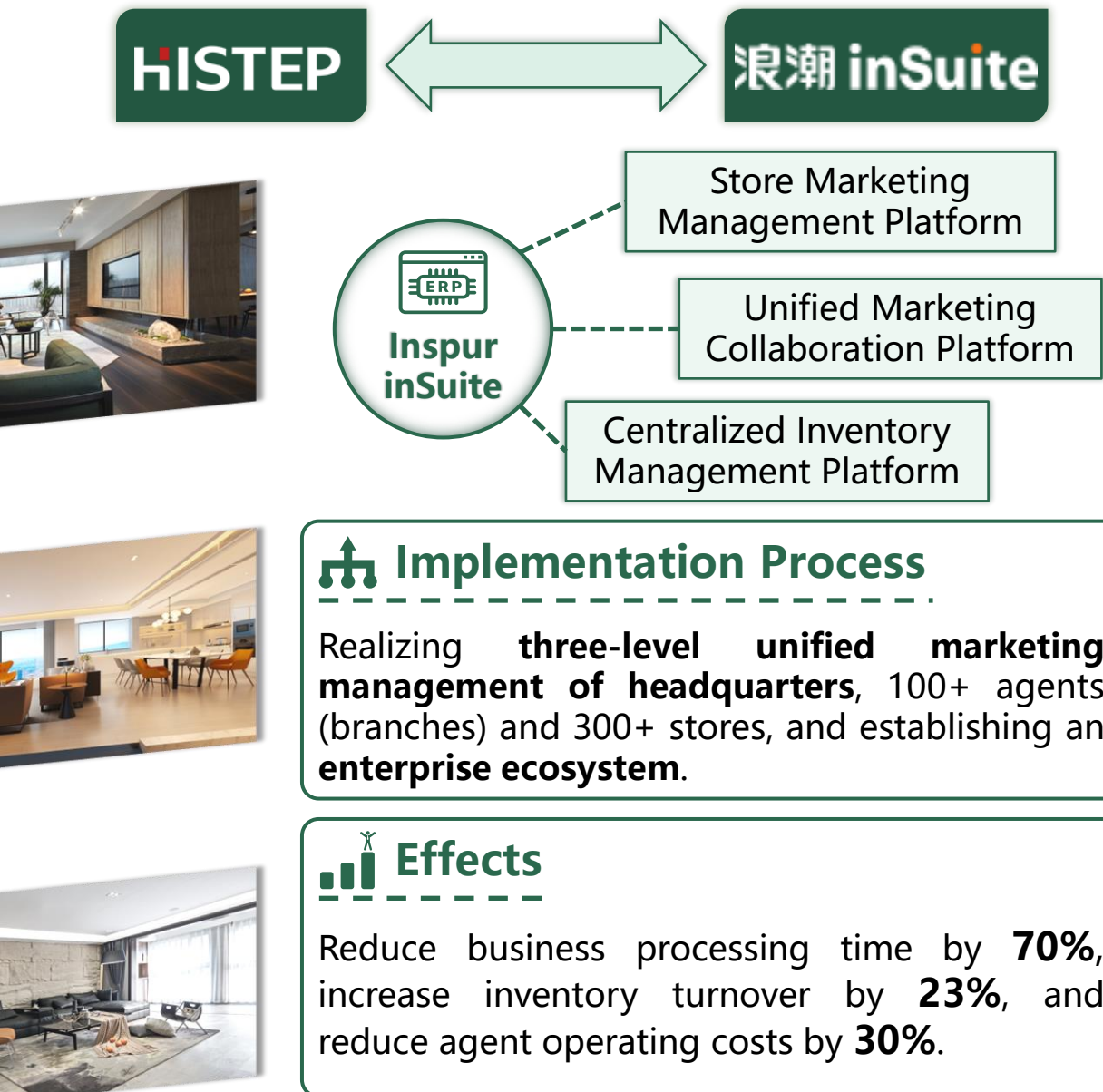
<div>2</div> <div>Ways to Purchase</div>	Buyout	<div>  ① Better information security ② More cost-effective in the long run </div> <div>  ① Taking up a large amount of money ② Requiring to buy and build servers, databases and other hardware and to hire professional staff to maintain them </div>
	Rent	<div>  ① Lower price ② No need to maintain and improve the products </div> <div>  ① Risk of information leakage ② Switching costs </div>

Purchase Preference of Growing Businesses & Analysis for *Fun Sports*

Growing businesses prefer to buy products of **subdivided brands**, rather than the general standardized products of big brands; they tend to **buy the products of big brands as a way to expand management modules**.

For a growing enterprise like *Fun Sports*, its industry characteristics are obvious, and **the standardized information management system is difficult to adapt to the industry characteristics**.

Research: Successful Cases of Information System



Problem encountered

- ◆ **Online and offline inventory cannot be synchronized**, which leads to oversold.
- ◆ **Batch number management** is needed offline, but batch number management cannot be carried out due to **the huge volume of online business**.
- ◆ A large number of **external warehouses**.

Effects

- ◆ **Automatically synchronize** online and offline business documents.
- ◆ Ensure the **coordination of business processes**.
- ◆ **Solve** the problem of **online oversold**.



A baby is sitting on a grey rug in a playroom, playing with a xylophone and a drum. In the background, there is a white laundry basket and a window with a diamond-patterned screen. The entire scene is overlaid with a dark blue semi-transparent layer.

Eun Sports™

4 Solution

- Establishment of Information System
- Products Recommendation

Key Points for Solving Existing Problems of *Fun Sports*



For *Fun Sports*, mature information solution is just the one hand; **combing business blueprint and processes** and **building a clear boundary** are the prerequisite for the success of the implementation of information.

Comb the Business Blueprint :
To balance and control activities

Marketing Activity

Marketing Planning

Inventory Planning

Production Planning

Purchase Planning



**Establishment of
Information System**

Build a Clear Boundary: To
standardize the business process

Quality Control Department

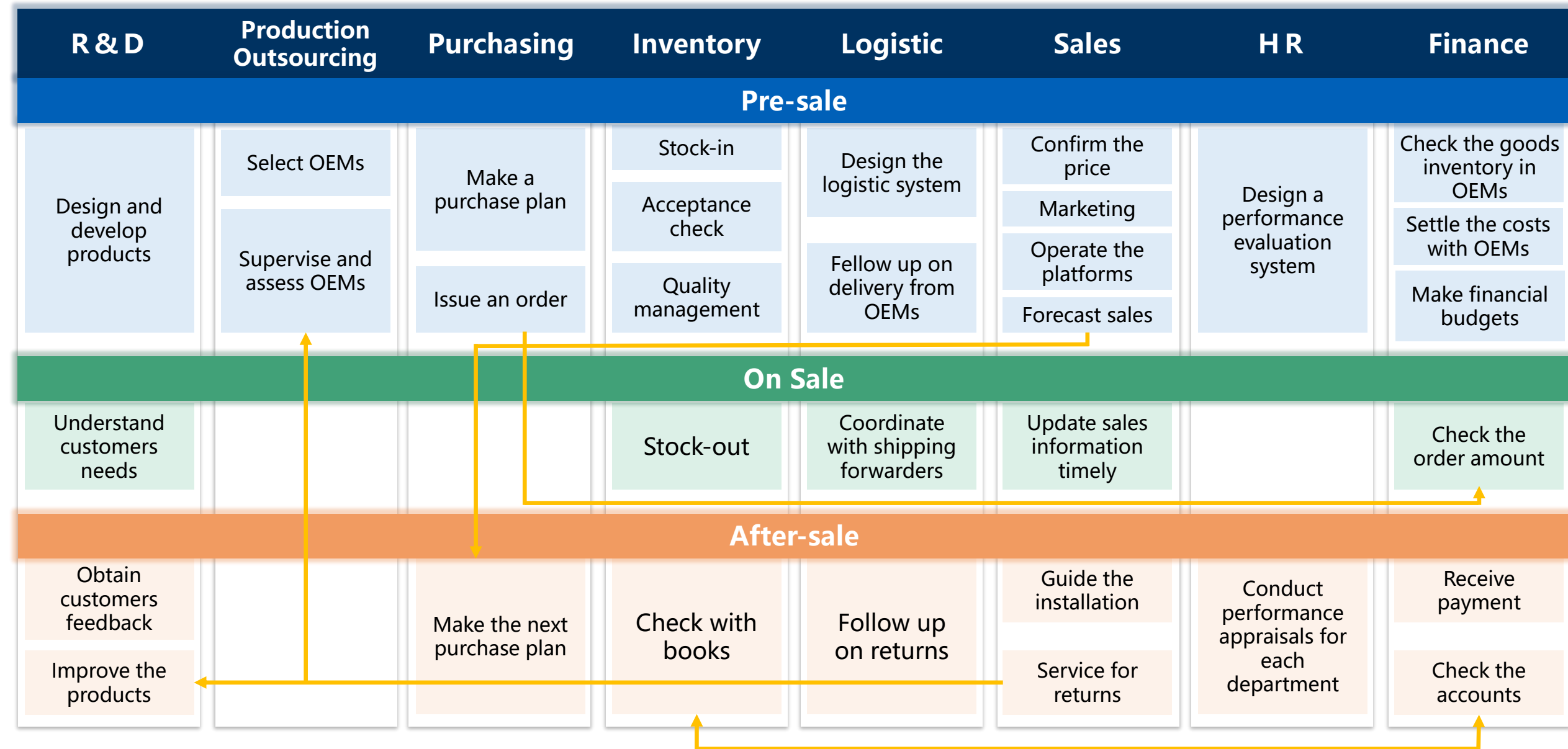
Return Product Filtering System

Repairs Tracking System

Stocktaking System

Employee Management System

Final Solution: Business Process of *Fun Sports*



Final Solution: Ideas for Information System of *Fun Sports*

Purchasing Management

OEMs Management

Purchasing Order Management

Payment Schedule

Finance Management

Invoice Management

Accounting Management

Report Management

Sales Management

Collection Schedule

Sales Order Management

Logistics Management

Sales Order Tracking

Customer Management

Sales Process Analysis

Sales Forecasts

After-sale Management

Return Order Tracking

Return Product Management

Return Reason Analysis

Inventory Management

Stocktaking Management

Inbound & Outbound Management

Quality Control

Administrative Management

Company Notice

Performance Appraisal

Employee System

Account Management

R&D Management

Project Management

Development & Design Management

Final Solution: Products Recommendation & Future Plan

<<< Products Recommendation >>>

❑ Product: Inspur inSuite

- ❑ Merits: Create “intelligent enterprise”; Browser/Server; Support for **multiple languages, multiple warehouse using scenes**
- ❑ Price: **50000-60000 yuan/year**
- ❑ Way to Purchase: **Rent**



❑ Product: Kingdee C-ERP

- ❑ Merits: **Mature e-commerce information solutions**; Connect with **major e-commerce platforms and logistics systems**
- ❑ Price: **20000-50000 yuan/year**
- ❑ Way to Purchase: **Rent**



❑ Product: Yonyou U8 cloud

- ❑ Merits: **Good connection** with the software being used; **coordination** of purchase and sales business; **manufacturing collaboration**
- ❑ Price: **about 60000 yuan/year**
- ❑ Way to Purchase: **Rent**



<<< Future Plan >>>



Order

Identify requirements and order products from target information system brands

2022.04-2022.06



Install

Install information system which will be matured after a year of hard running

2022.07-2023.06



Develop

Using matured information system standardize business processes, improve the production, sales and inventory system

2023.07-2025.06



Expand

With perfect system and strong R&D ability, expand the market **overseas**

2025.07

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A photograph of a baby sitting on a grey rug, playing with a xylophone and a drum. The baby is wearing a striped shirt. In the background, there is a white laundry basket and a wooden chair.

Thank You

✧✧✧ **for Listening** ✧✧✧