

# 2021

## Fun Sports Management Consulting Report

TEAM BEAUTY

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刘思嫒、毛琢钰、陶思冶



**BEAUTY**  
**Management Consulting Firm**

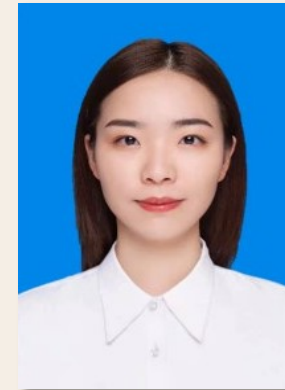


**All-round Consultation**

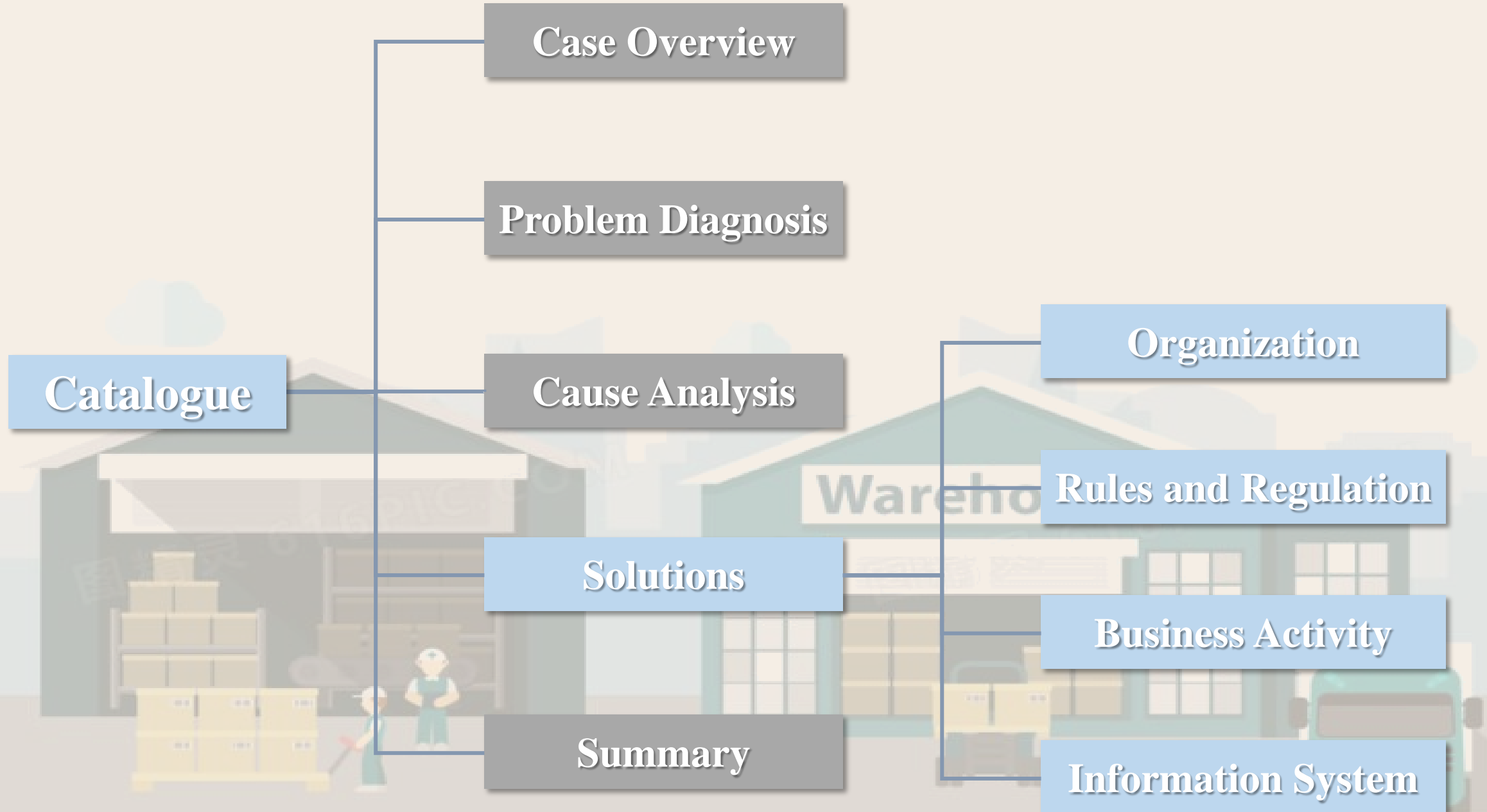
**Zero-distance Service**

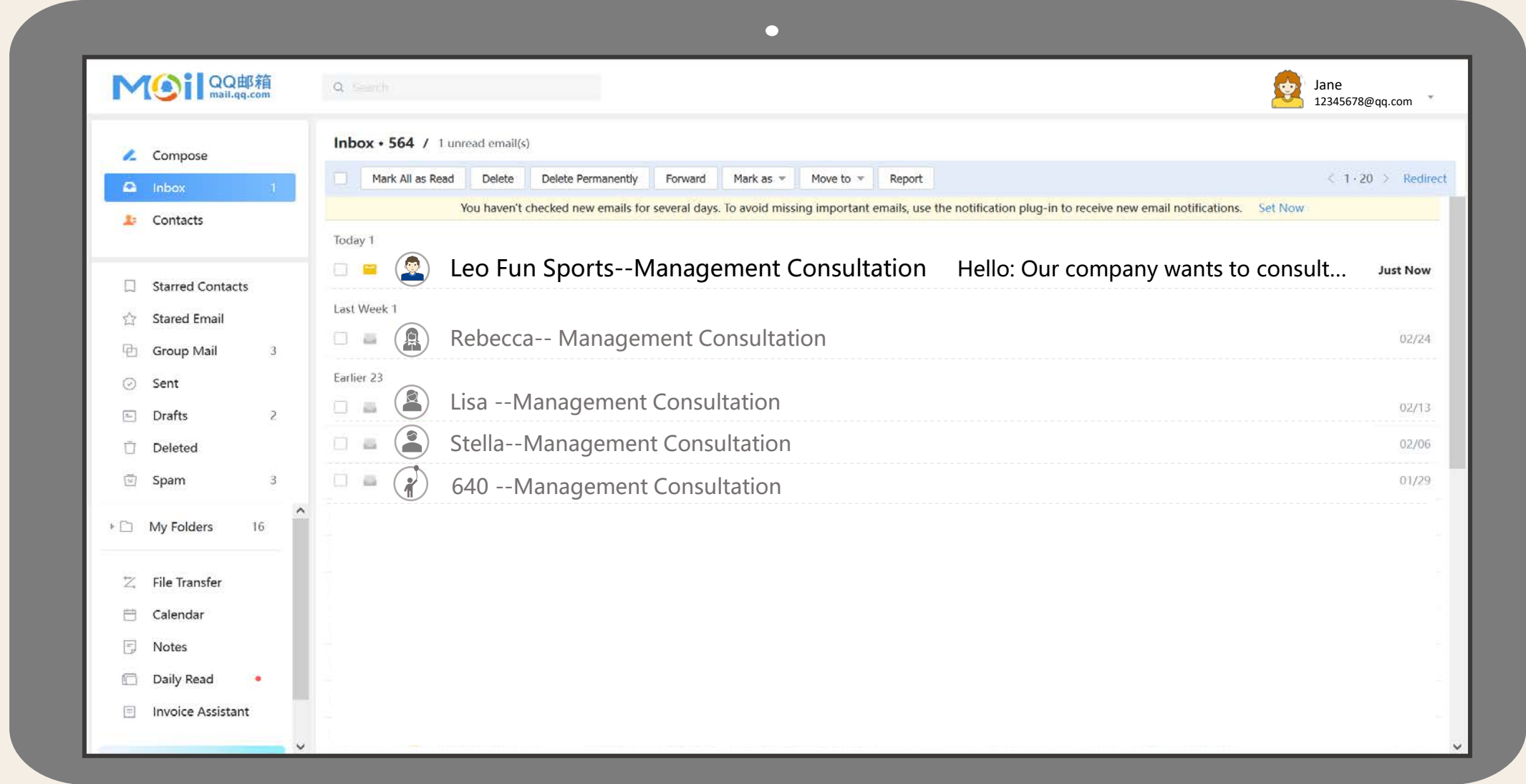
**Beauty Consultation, Be there for you!**

**Team Members**



# CONTENT







FUN SPORTS

OFFICE  
CEO.LEO



## Client's situation

**Fun Sports:** Founded in 2015, a B2C online store that specializes in sense training equipment

Domestic  
High Quality  
Independent Design

### Products

Balance series

Climbing series

Tactile perception

Comprehensive  
amusement series

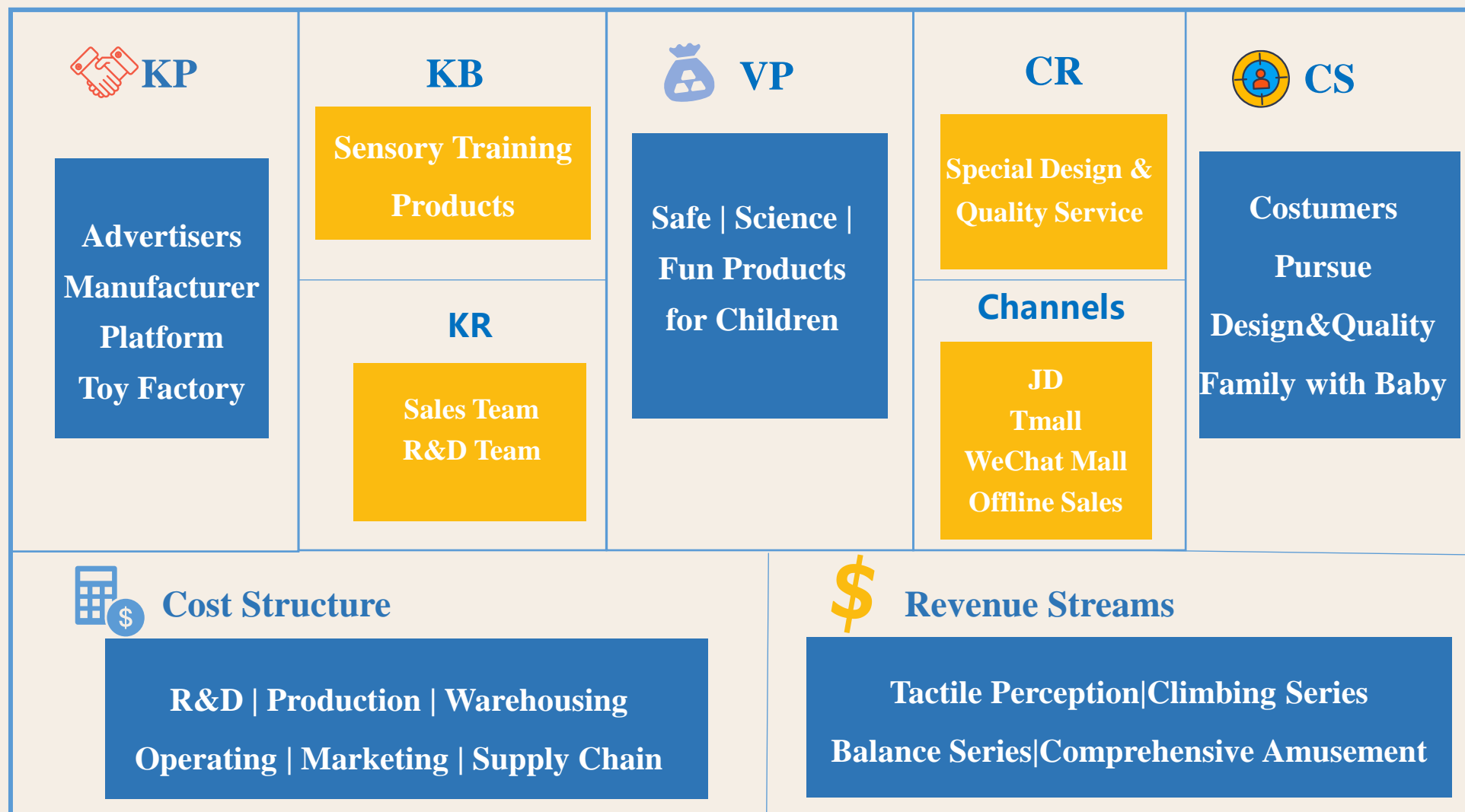
### Channels

**Online**  
celebrity live sales  
for sustainable  
development

**Offline** Cooperate  
with homestays  
improve customers  
experience



# Business Canvas of Fun Sports



## Analysis of the External Environment of FS

### Analyse Content

The country has  
successively  
introduced  
Two-child and  
Three-child  
policies

(Policy)



**Positive**

impact on the  
development of  
enterprises

### Analysis Conclusion

38.8% of families  
spend on children's  
education accounting  
for 20-30% of  
the annual income;  
mainly concentrated in  
¥24,000-36,000.

(Economy)



**"Don't let children lose at the starting line"**

This educational concept  
has created a huge space for  
the domestic early childhood education market.

**"Quality Education"** accelerate  
the growth rate of the entire industry

69.35%  
of parents think  
children should  
receive  
early education  
before the age of 4.

(Society)



**Strong** research and  
development  
capabilities ;  
**Faster** product  
updates;  
**Many** cost-effective  
alternatives.

( Technology)



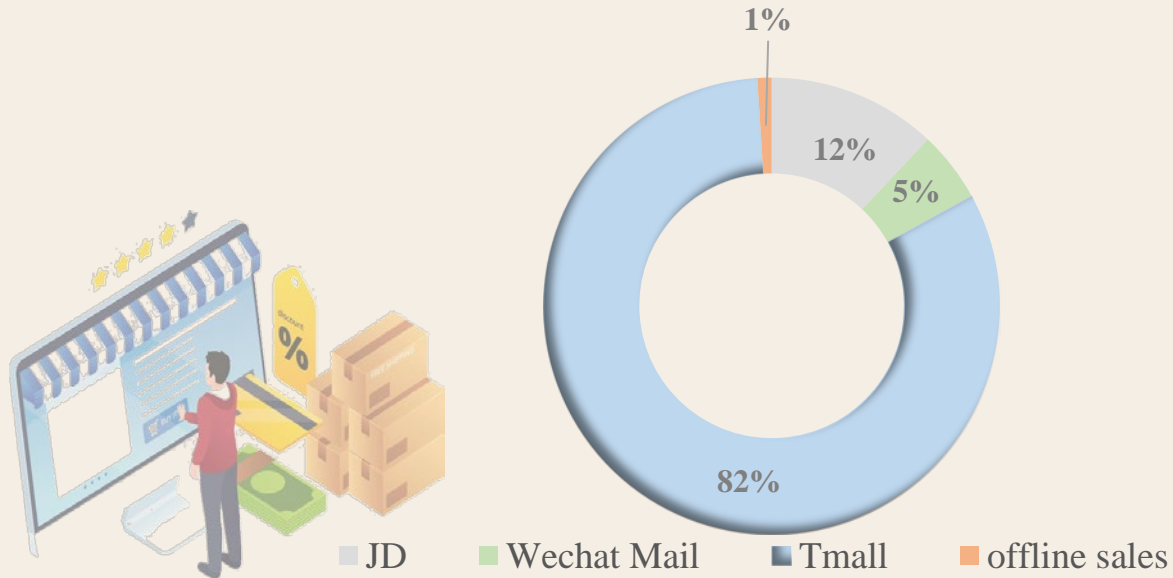
**Company**

**Sustainability**  
requires R&D  
team as a solid  
cornerstone



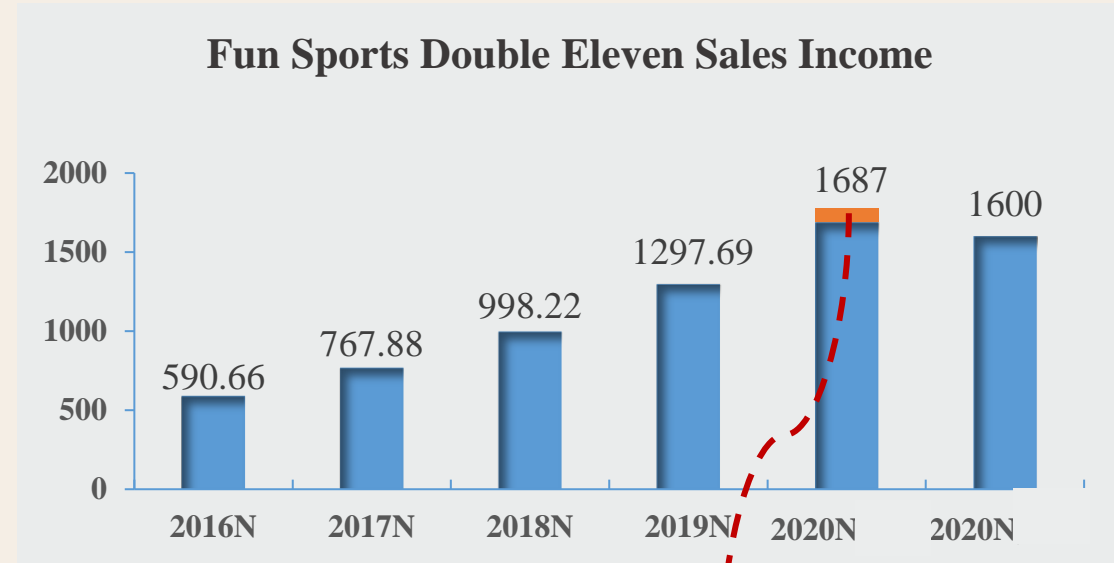
# Situational Analysis of Fun Sports

## ➤ Revenue Analysis of Fun Sports:



Currently, Fun Sports is sold on **Tmall**, **JD**, and **Wechat Mail**. Among them, Tmall sales accounted for 82%, JD sales accounted for 12%, Wechat Mail sales accounted for 5%, and other offline sales accounted for 1%.

## ➤ The Problems and Challenges Faced by FS:



### Problems:

Due to **oversold goods** and some customers returning goods, Fun Sports 's sales revenue decreased by **680,900 yuan** than expected, and they received a **fine** of **193,300 yuan**.



# Video Conference on Beauty Consultation

Tencent Meeting

00:28

Speaker View

2021

Fun Sports Management Consulting Report

BEAUTY Management Consulting Firm

Speaking: Jane

Mute

Stop Video

Share Screen

Security

Invite

Attendees (7)

Chat

Record

Breakout Rooms

Apps

Settings

End

# Beauty Consultation

**Meeting Room**

**Online Internal Meeting**



# Case Overview

**Fun Sports** is a small B2C online store. It independently designs, outsources custom production, and sales online.

## Fun Sports

Due to the national fertility policy, the market demand will continue to **expand**.

Competition in online stores of children's toys has **intensified**. There are strong competitors, such as Evebel, WEPLAY.

Products can achieve more than **50%** gross profit, the sales growth rate has reached nearly **30%**. Sales are still on the rise.

FS's sales have been **rising steadily**, marketing ideas will further boost the FS's sales.

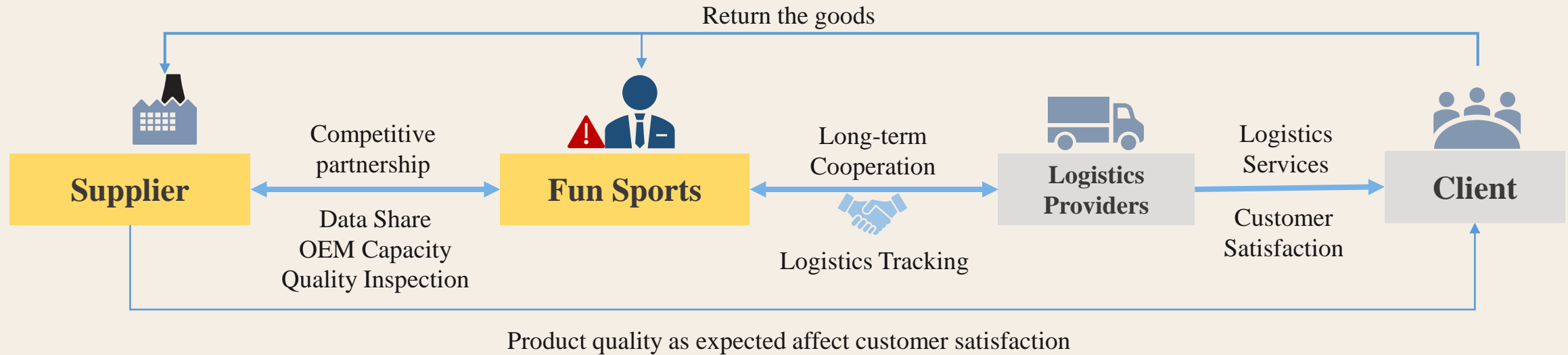
The consulted company expects us to:

- ✓ Improve inventory management
- ✓ Optimizing the information platform of FS
- ✓ Improve the internal control system

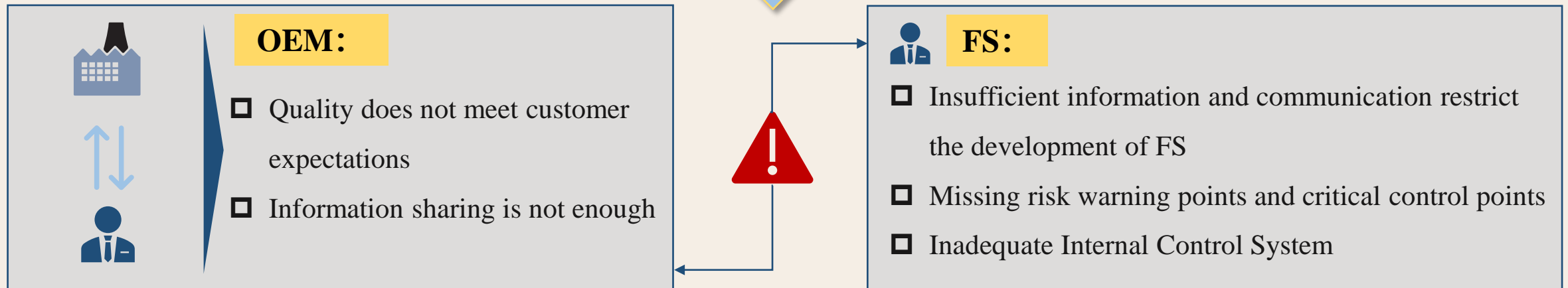
- Receive large fines
- Poor inventory management
- Accounts number  $\neq$  Actual number



## Inventory Management Problem Diagnosis



➤ From a supply chain perspective:



## Inventory Management Problem Diagnosis OEM



### 1.Inability to Share Information Timely

❏ The status of repair is **not tracked** in time

❏ OEM inventory update is out of sync with FS book update

❏ the inventory **unequal to** actual accounts

Proportion of Returns due to Quality

Products	Quality
Massage ball	60%
Vientiane Combination Set	33.00%
Slide	14.15%
Software roller	12.27%
Swing	10.00%
Balance plate	8.67%
Multifunctional climbing frame	6.74%
Three-dimensional play room	4.80%
Detachablelarge slide	3.77%
Soft climbing combination	1.08%

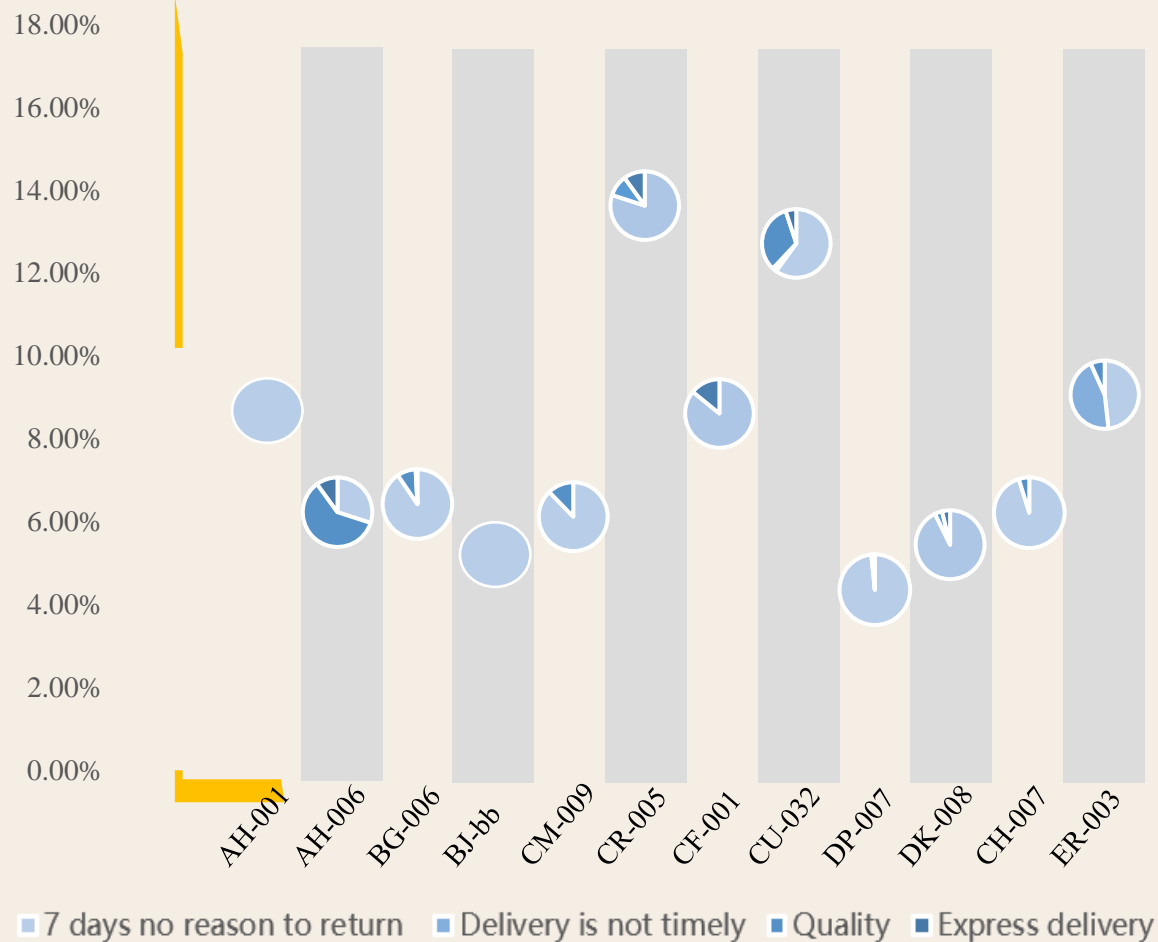
### 2.Insufficient Quality Control

❏ OEM process level cannot be measured

❏ 5/6 Products returned due to **quality problem**

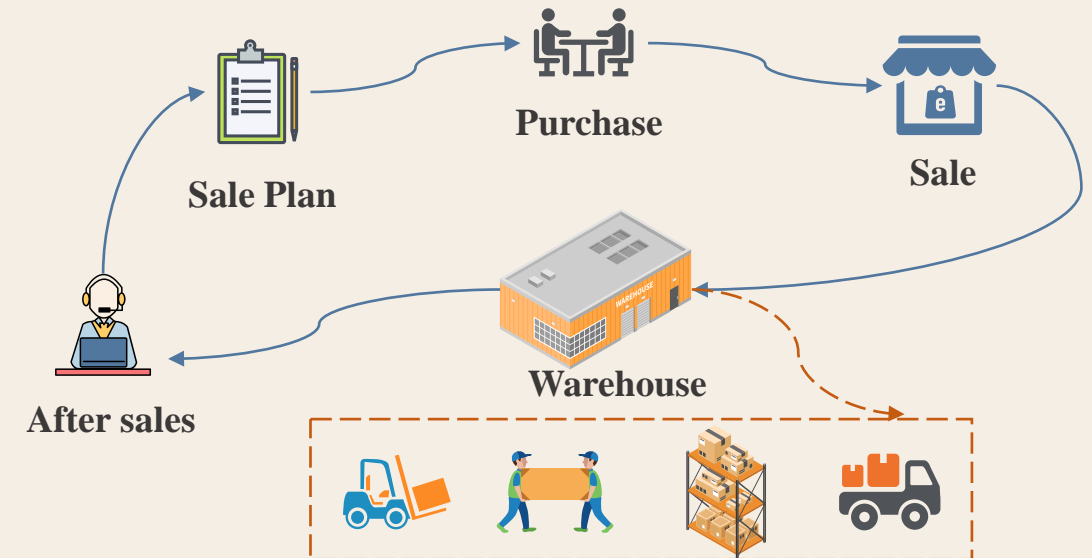
## » Inventory Management Problem Diagnosis » FS

## 12 Product Return Rates and Reasons

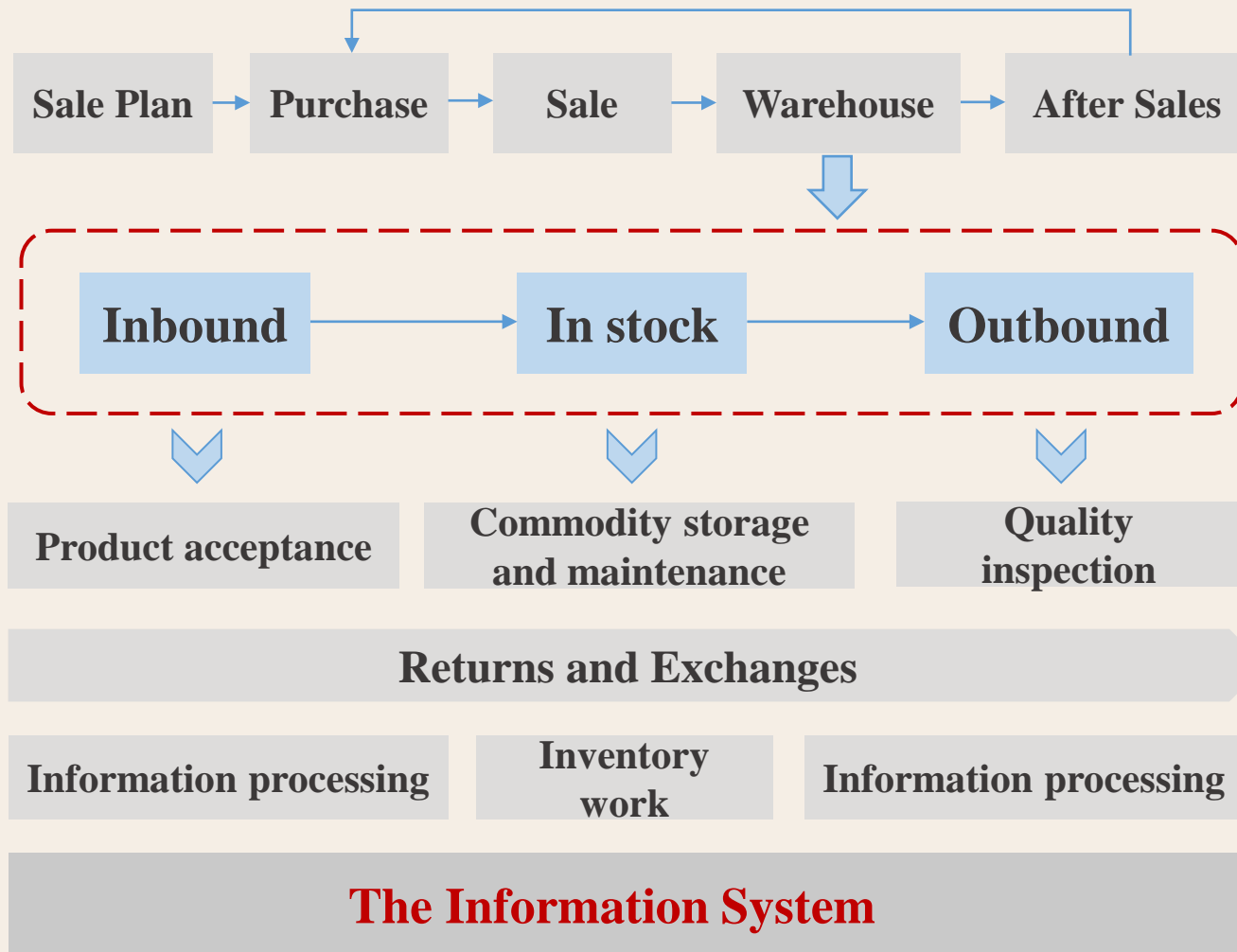


## 1. Lack of Information and Communication

- ❑ The **inventory system** is outdated
- ❑ Sales information on **each platform** is not shared
- ❑ **Out-of-stock quantity** update is not timely



# Inventory Management Problem Diagnosis FS



## 2.Process Deficiencies in Warehouse

### Inbound:

- The actual inventory number  $\neq$  the book;
- Return and exchange management issues

### In stock:

- Commodity storage & maintenance problem
- Difficult to carry out on-the-spot check
- Management of slow-moving goods

### Outbound:

- The actual inventory number  $\neq$  the virtual one
- Quality control of outgoing goods not strict

*the whole process of FS business activities*



## » Analysis of the Causes of Inventory Problems

### 1. Poor Organisational Structure

- Sales and Operations DEP.:  
Unclear division of responsibilities
- Logistics and Warehousing DEP. :  
Insufficient coordination
- DEP.: Inadequate communication

### 2. Inadequate Regulations

- Deficient inventory management system
- Lack of strict enforcement of systems in the inventory department

### 3. Business Activities

- Inaccurate demand forecasts
- Unreasonable way of ordering
- Unscientific the setting of inventory safety stock

### 4. Lack of Information System Platform

- Out of Sync :  
Listings number and inventory quantity  
Account Quantity and Actual Inventory Quantity

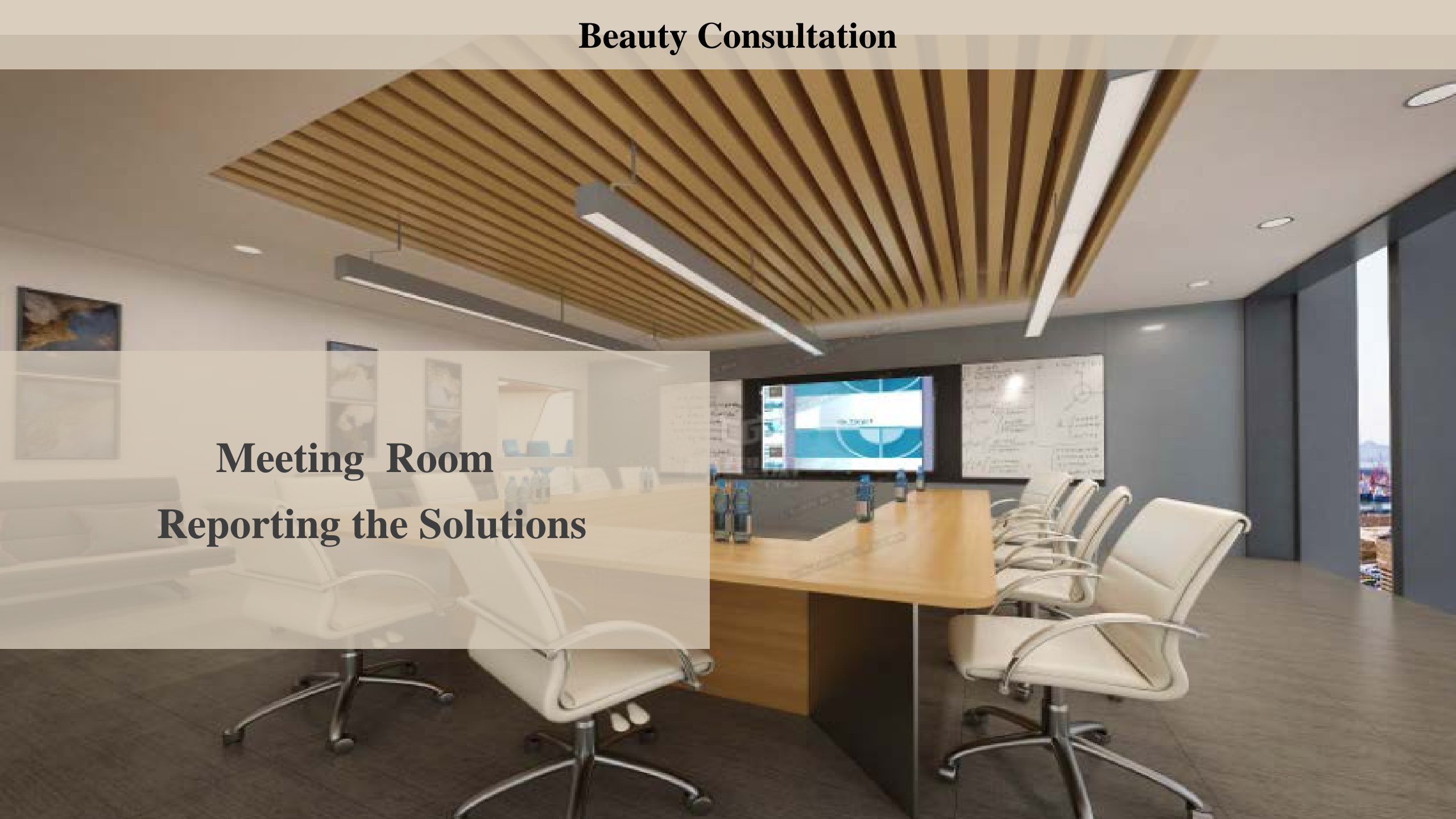


**TWO WEEKS LATER...**

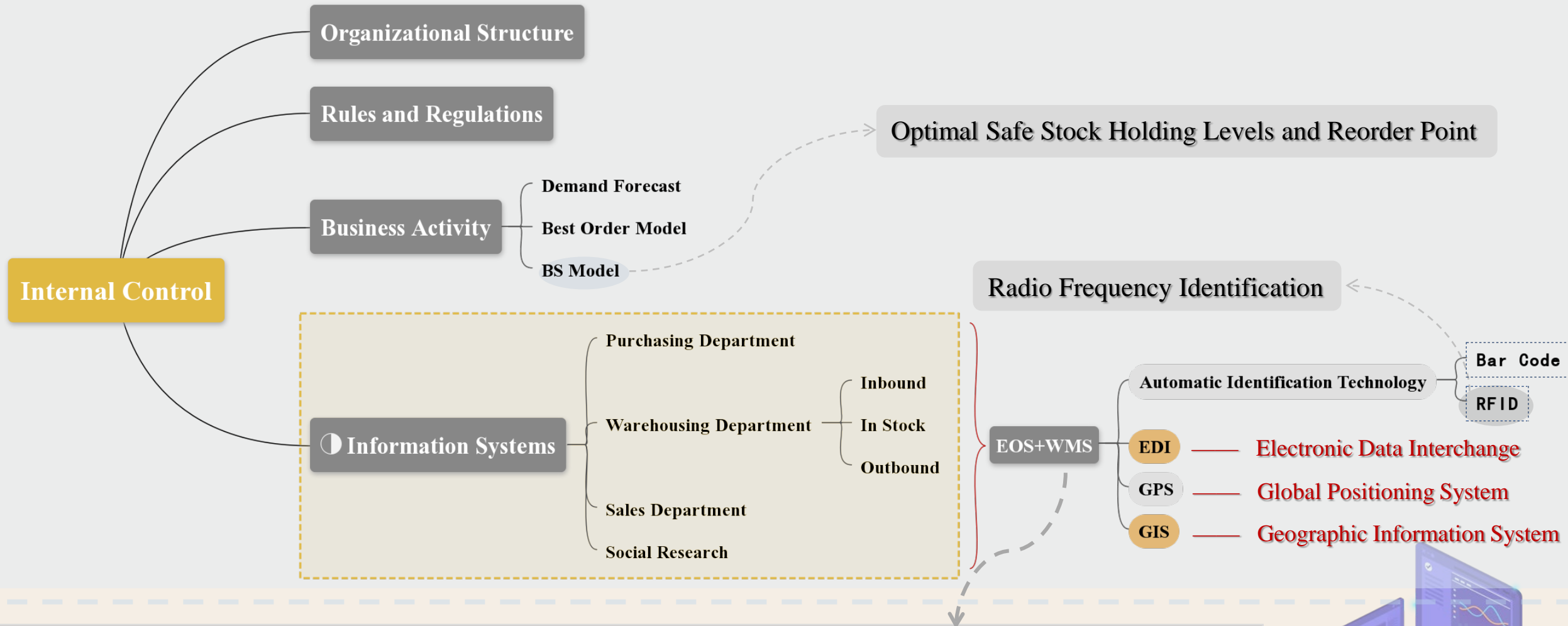


# Beauty Consultation

**Meeting Room**  
**Reporting the Solutions**



# Construction of Internal Control Based on Data Supply Chain Integration Platform



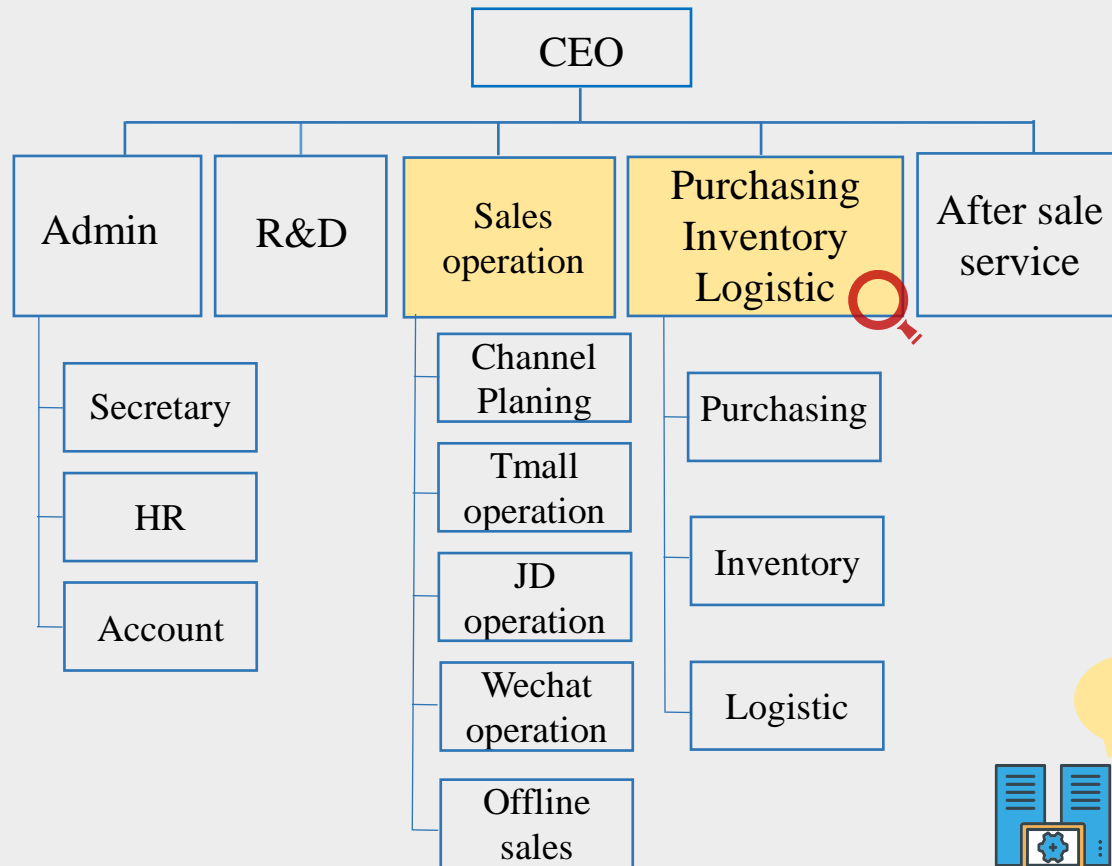
➤ **EOS: Electronic ordering system**

➤ **WMS: Warehouse management system**

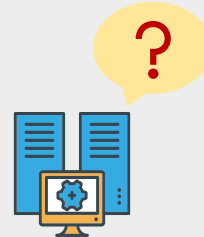




## » Solutions—Internal Control » Optimized Organizational Structure



*Current Organizational Structure of Fun Sports*



A more scientific and reasonable organizational structure should be established.

### Optimization Suggestions

#### **Center of Excellence (Set CoE)**

- ❑ Realize the goal of intelligent process operation

#### **Sales and Operations (Set 3 Groups)**

- ❑ Set Event Operation, User Operation and Data Operation Groups
- ❑ The sales operation of each platform divided into Channel Planning

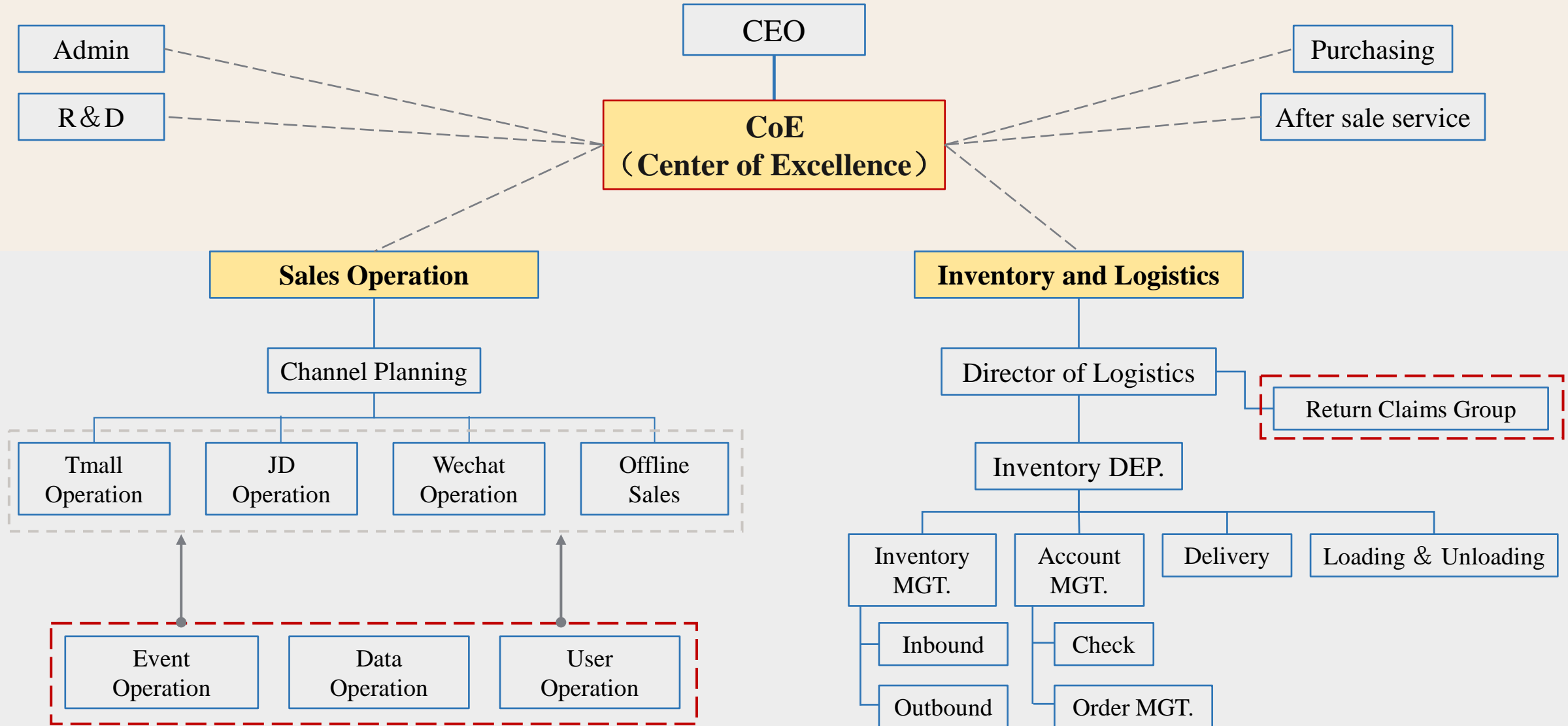
#### **Inventory & Logistic (Merge)**

- ❑ Merge the Inventory and Logistics Dep.
- ❑ Set up Return Claims Group

#### **Purchasing (Split)**

- ❑ Ensure a clear division of responsibilities between purchasing & warehousing

## » Solutions—Internal Control » Optimized Organizational Structure



## » Solutions—Internal Control » Rules and Regulation



Inbound



In Stock



Outbound

### 1. Material Acceptance :

- ① **Large products:** inspectors visit the foundry to check product quality and quantity;
- ② **Small products:** Strictly follow the acceptance process.

### 3. Special Considerations for Returns :

- ▲ Returned goods are put into the warehouse **through the return channel**
- ▲ **The return specialist** checks the quality status of the product
- ▲ Fills in the **return receipt report**
- ▲ After approval is obtained, the goods are **put into the warehouse by division**
- ▲ The relevant information **is entered into the system**



### 2. Information Entry :

- ① **Inventory clerk:** summaries the incoming information and submit it to the administrator;
- ② **Administrator:** entry of incoming data into the information management system.



Inbound

## » Solutions—Internal Control » Rules and Regulation



### In Stock

- Regular sampling inspection of warehouse products;
- Ensure the contents of *accounts, goods and cards* are consistent;
- Ensuring the Inventory Information System is running effectively;
- Strictly implement the entry and exit warehouse registration procedures;
- unauthorized personnel are not allowed to access the inventory.



### Outbound

- ✓ The delivery list and the outbound document need to be confirmed by the warehouse management personnel
- ✓ Outbound goods must have quality inspection certificate.
- ✓ Purchase order, delivery list, and delivery note are required for outbound procedures.



### Special Consideration for *Returned Goods*:

- Track maintenance status and adjust product quality status;
- Collect maintenance data to improve the product process.



## » Solutions—Internal Control » Business Activity » Demand Forecasts

- Nine factors influencing sales volume were selected as independent variables:

$X_1$	Product Collection
$X_2$	Customer order conversion rate
$X_3$	Advertising volume
$X_4$	Low season or high season
$X_5$	Service rating
$X_6$	Product rating
$X_7$	Logistics Service Rating
$X_8$	Product unit price
$X_9$	Average competitor price

$$Y = 1042.270 + 0.264X_1 + 0.565X_2 + 0.624X_3 - 0.385X_4 - 0.036X_5 - 0.133X_6 + 0.036X_7 + 0.002X_8 - 0.050X_9$$

### Data simulation:

e.g.

Off-season Sales Forecast					
Sales volume (pieces)	210-230	230-250	250-270	270-290	290-310
Probability	50%	25%	9%	8%	8%

e.g.

Peak Season Sales Forecast				
Sales volume (pieces)	550-590	590-630	630-670	670-710
Probability	3%	48%	41%	8%

**Summary :** Using the model can provide a more reasonable basis for sales forecast and make more accurate judgments.

## » Solutions—Internal Control » Business Activity » The Optimal Order Model



According to the actual situation of interesting sports, We redesigned **the optimal order model**.

**Considerations** for Determining Optimal Stocking:

$D_n$ : Demand

$h$ : Storage Cost

$b$ : Out-of-stock Cost

$C_1$ : Unit Variable Cost

$P_n$ : Probability of demand forecast



$$C(x) = C_1x + E(H(x - D_n))$$

Total Cost

$C_1$ : The Unit Variable Cost

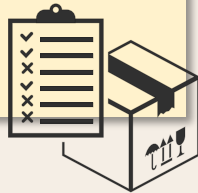
$x$ : The Purchase Quantity

$H(z)$ : The out-of-stock Cost

$z$ : The Remaining Inventory



**Conclusion:** The **optimal order strategy** is the smaller value of the demand or production capacity when the total cost is the smallest.



**e.g.** Multifunctional climbing frame sales forecast table

Sales Volume ( $D_n$ ) pics	300	400	500	600
Predicted Probability( $P_n$ )	40%	30%	20%	10%



When the purchase quantity = **300Pics**, the cost obtains **the min**.

# Solutions—Internal Control    Business Activity    BS Model

Confirm  
**Reorder Point<sup>①</sup>**

Interval  
Accumulation Test

Determine the  
**Optimal Level of  
Safe Holding<sup>②</sup>**

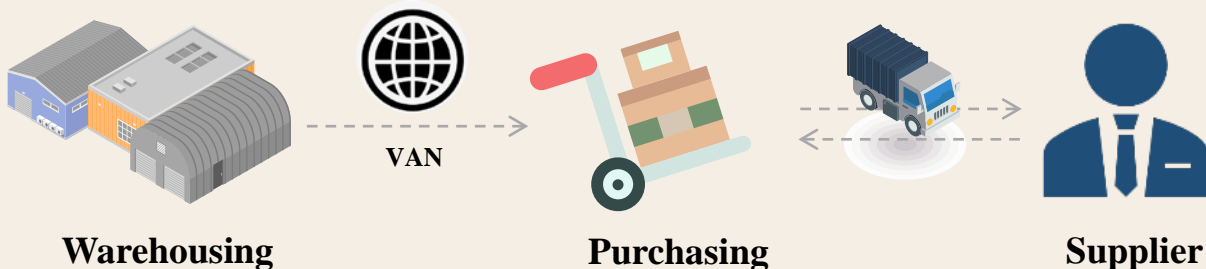
$$\textcircled{1} R = L \times d + B$$

L——Average Delivery Time

d——Daily Requirement

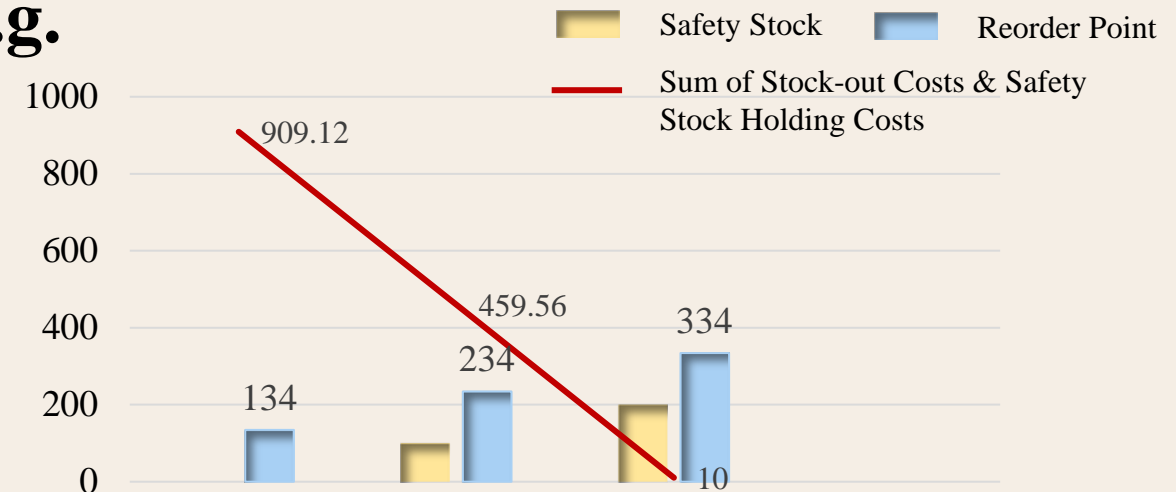
B——Insurance Reserve

When the inventory level is lower than the reorder point R, **an order is triggered.**



$$\textcircled{2} \text{ BS Model : } TC(S, B) = Ku \times S \times N + B \times Kc$$

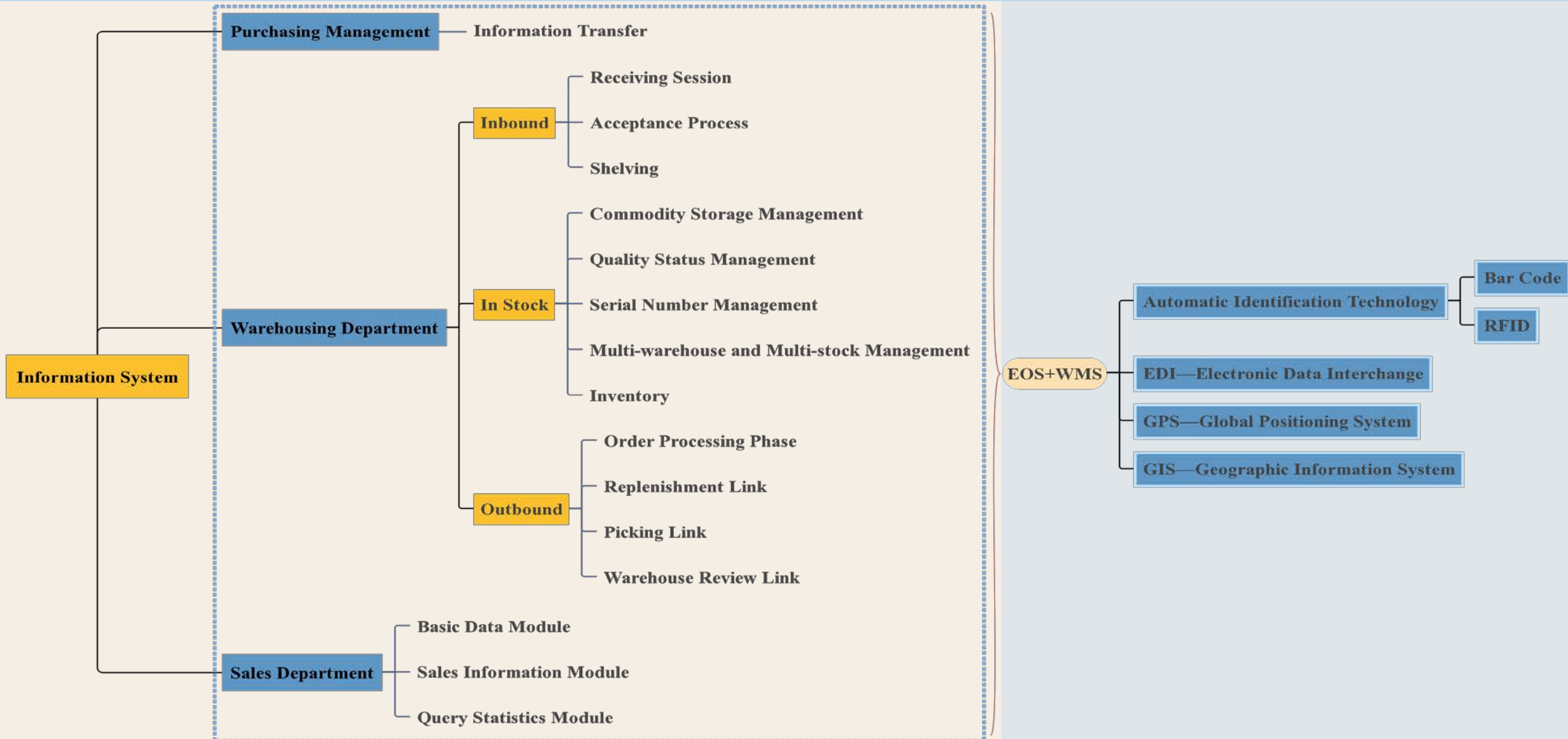
e.g.



When the Safety Stock B is 200 pieces, the out-of-stock quantity S is 0, and the Out-of-stock & Safety Stock Holding Costs are **the lowest.**

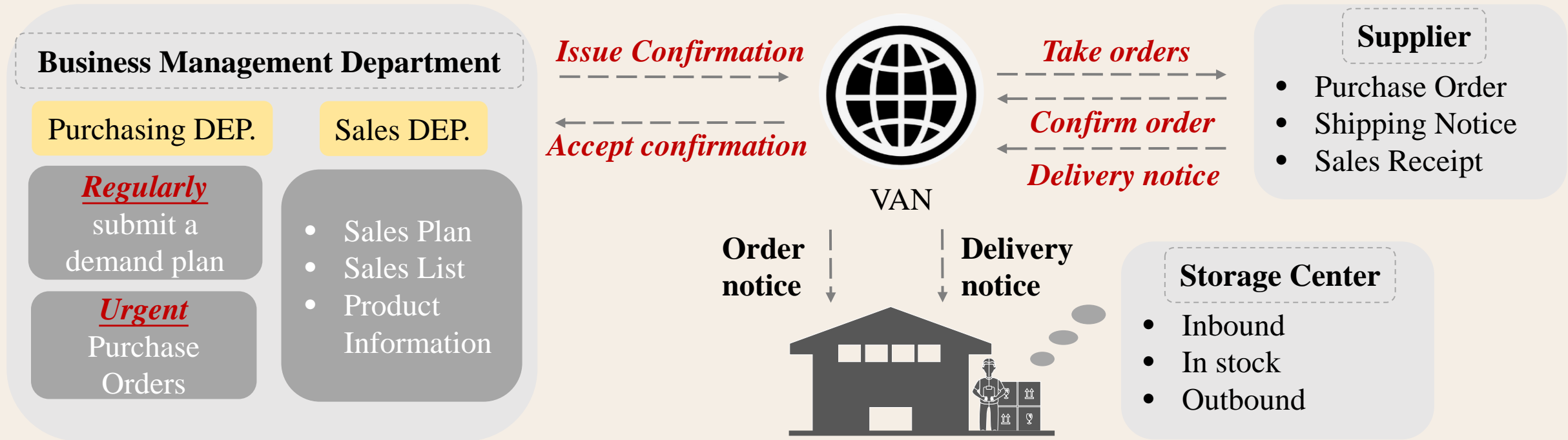
**The safety stock holding** level should be confirmed 200 pieces.

# Informatization Construction Program Framework



## » Solutions—Internal Control » Information Systems » Purchasing Management

### Procurement management information requirements



### Summary:

Issue a purchase order for goods to a designated supplier.

VAN sends purchase order confirmation to DEP.

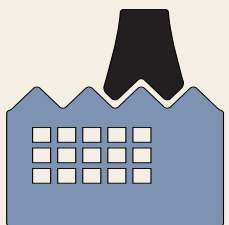
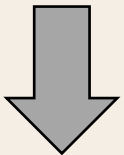
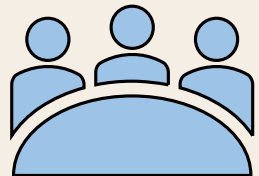
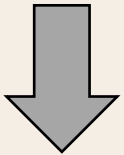
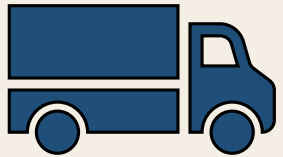
VAN sends the purchase order to the designated supplier.

The supplier confirms the purchase order through the VAN.

# » Solutions—Internal Control » Information Systems » Warehouse Management-Inbound



## Warehouse management information requirements:



### ➤ Receiving Session :

- Clear supplier information;
- Supply information checking function
- Relevant delivery information.

### ➤ Acceptance Process:

- **Quality Acceptance:** including product batch number, arrival quantity, acceptance quantity, acceptance results
- **System generation of acceptance records**

### ➤ Shelving

Determine the location of the goods on the shelves according to the acceptance conclusions.

### Inbound Module Summary:

1. Inbound Order Processing



2. Bar Code Processing



3. Data Entry



4. Space Allocation and Adjustment



5. Inbound Confirmation



6. Inbound Document Management



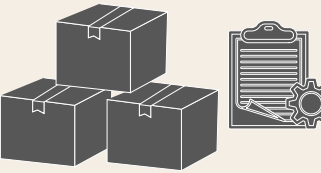




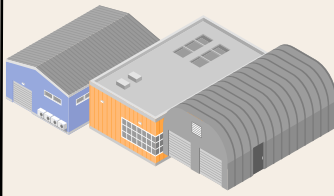






# Solutions—Internal Control Information Systems Warehouse Management-In Stock



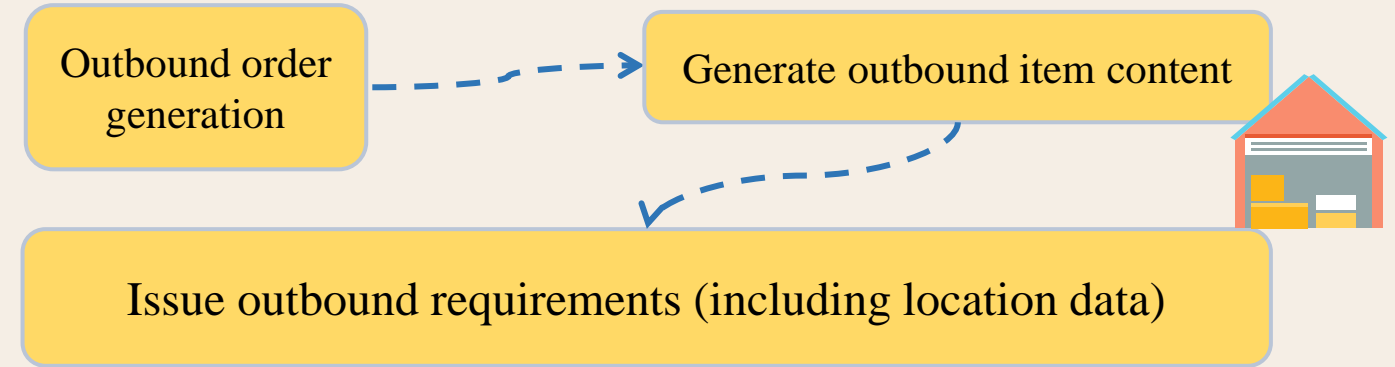
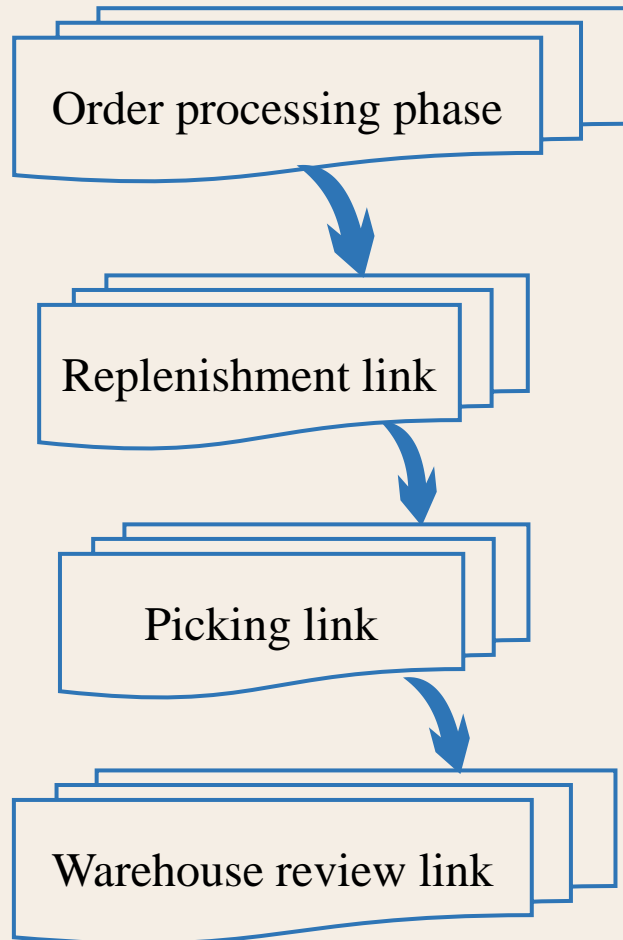
## Information Requirements:

	<b>Commodity Storage Management</b>		Automatically designate shelf storage locations( <i>Based on the size of the product</i> ) <input type="checkbox"/> <i>specialized storage</i> <input type="checkbox"/> <i>partitioned storage</i>
	<b>Quality Status Management</b>		Product Quality Status (divided into 2 quality statuses) • <b>Normal Product and Defective Product</b> ( <i>such as: damage, missing parts, etc.</i> ). • The system needs to support the adjustment of quality status.
	<b>Serial number management</b>		The product has an electronic supervision code( <i>RFID</i> ).
	<b>Multi-warehouse and multi-stock management</b>		<input type="checkbox"/> Support multi-warehouse <input type="checkbox"/> Carry out multi-warehouse operations <input type="checkbox"/> Multi-stock management in an integrated system.
	<b>Stocktaking</b>		<input type="checkbox"/> The system achieves daily inventory <input type="checkbox"/> Conduct a comprehensive inventory (by electronic tags) <input type="checkbox"/> Generate an inventory schedule.

# » Solutions—Internal Control » Information Systems » Warehouse Management-Outbound



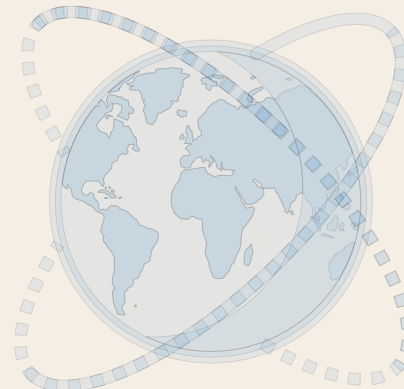
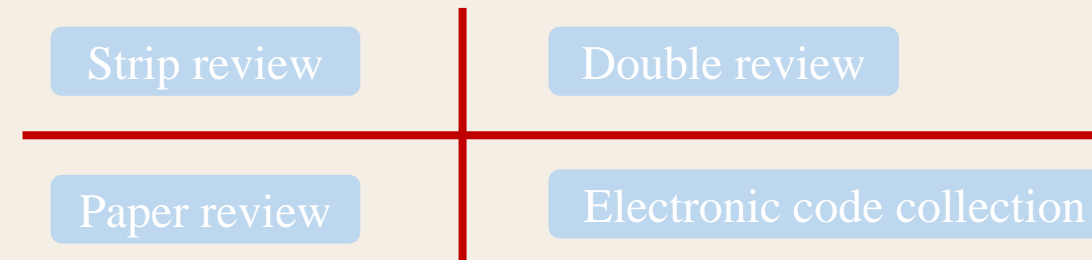
## Warehouse management information requirements:



Active replenishment combined with promoting replenishment based on sales in the previous cycle



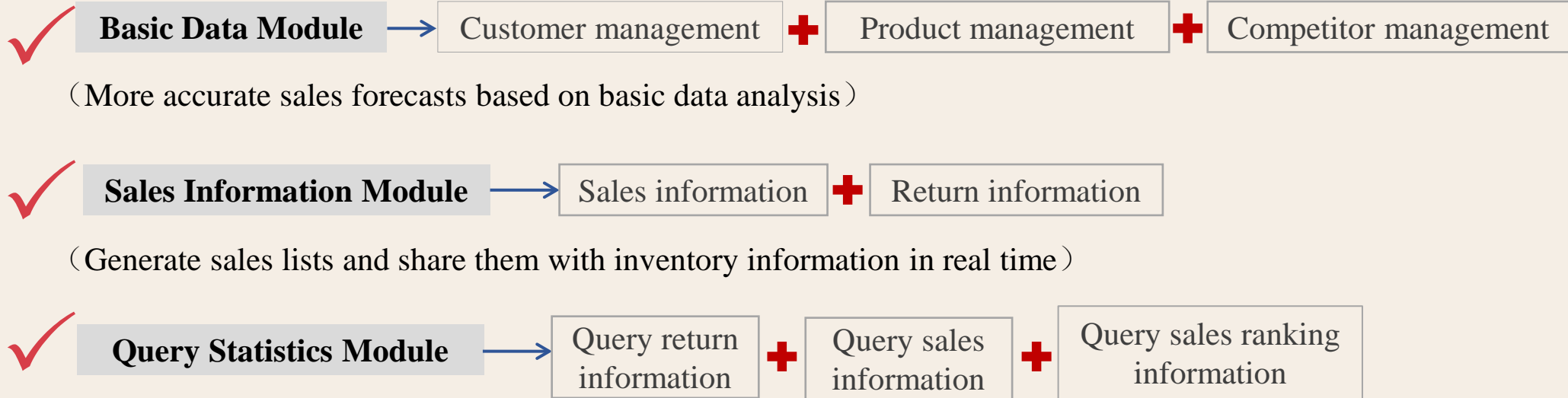
Complete picking according to the electronic label.



## » Solutions—Internal Control » Information Systems » Sales Management



### Sales management information requirements



➤ Develop a sales plan



Sales plan link

Sales pricing link



➤ Determining benchmark pricing

➤ Capturing the reasons for returns

➤ Entering the information into the system



Sales return link

Sales delivery link



➤ Sales Notification Form  
 ➤ Sales Invoice Notification Form

## » Solutions—Internal Control » Information Systems » Social Research

➤ **EOS : ↓ Delivery errors, ↑ ordering operations**

- ✓ **Provide demand forecasting analysis**
- ✓ **Provide intelligent purchasing forecasts**
- ✓ Create an integrated purchasing and sales management system

➤ **WMS: Inventory management efficiency ↑**

- ✓ Real-time data monitoring to reflect operational status
- ✓ **Provides intelligent warning of inventory risk**  
**Automatic replenishment of stock**
- ✓ Enables traceability of goods
- ✓ **Accurate stocktaking**, weekly, monthly and quarterly reports on inventory status

**Current status:**

Household goods, fruit, medical products, **toys**, sporting goods, glasses, garments

Walmart



福伦德®  
FRIEND

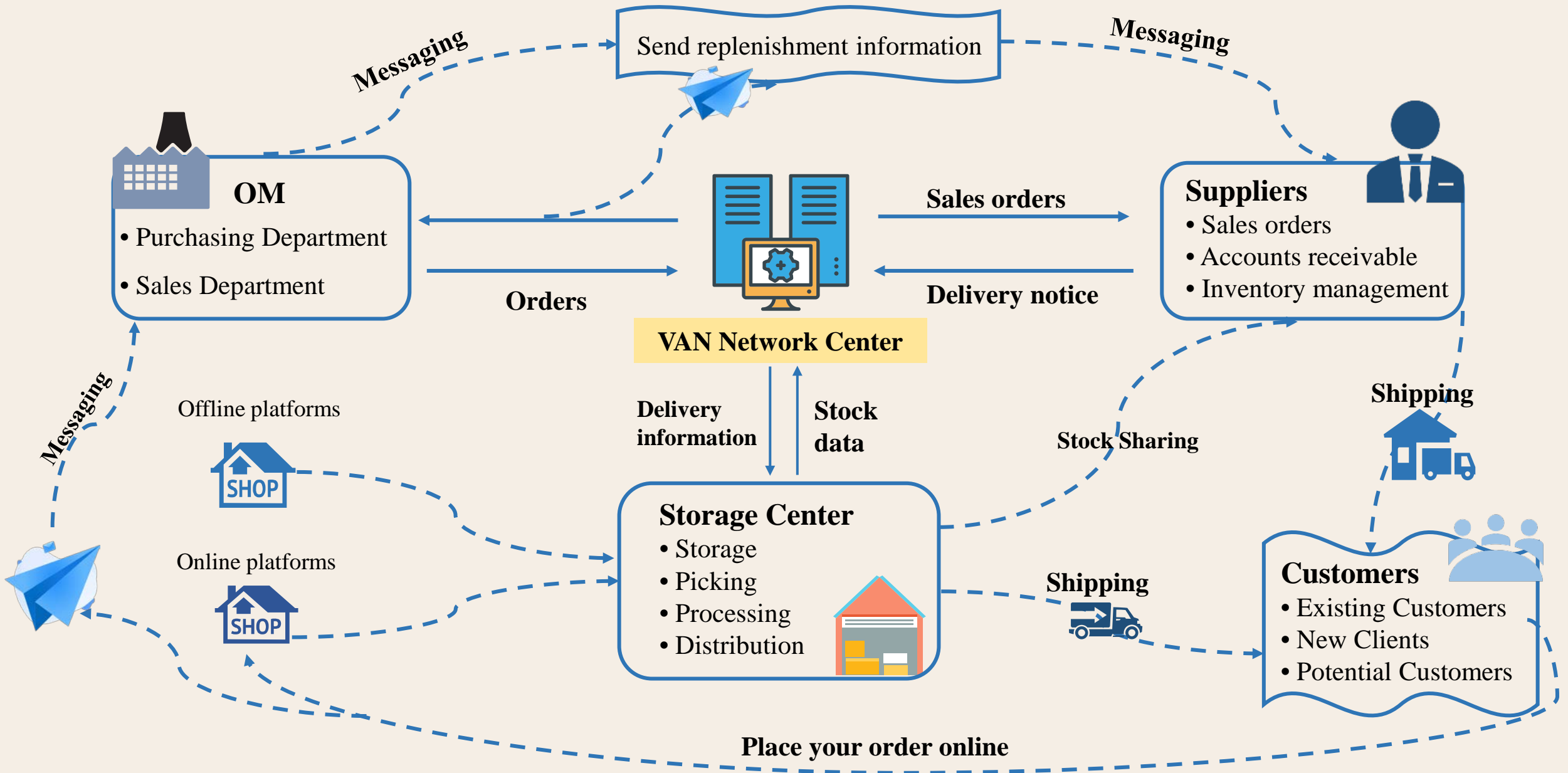


**BAN  
DAI**

GWALL®

Fühlen 富勒®

**Summary :** Through research, we believe that using the system **EOS** and **WMS** is suitable for the FS situation !







# Thanks

Fun Sports Management Consulting Report

**TEAM BEAUTY**

**Team Members:** 李俊希、张琍莎、  
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