Team:
Continue

IMA 2022

Number: XB20211624

FUN SPORTS

Better Management
Better Development

Develop & System

Team Members

| Information Specialist Cui | Consultant Qiao | Consultant Luo | Consultant Pan | Manager Zhang |

Case review

FUN SPORTS

Safe and fun improve children's attention

Values of the product

2015

Founded

Problem

Discrepancy between account and reality

Light assets

Business types

Small B2C

Online store

Sense training

Equipment

Poor process

Optional operation

Have had an impact

Segments market

High rate of return

Secondary return

Contents

01

Current Situations
& Issues

Market holder

Lego

Banda

Tomei

Hasbro

Competitors

Evebel

wepaly

Smo - Moon

Tintin Sports

Market share

High — Low

Profit margin

Low

★ Thin Dog

Weaker
Bargaining power of suppliers

Stronger
Bargaining power of the buyer

Stronger
Threat of substitutes

Biger
Threat of new entrants

Highly Competitive
Industry competition

Porter's Five Forces Model
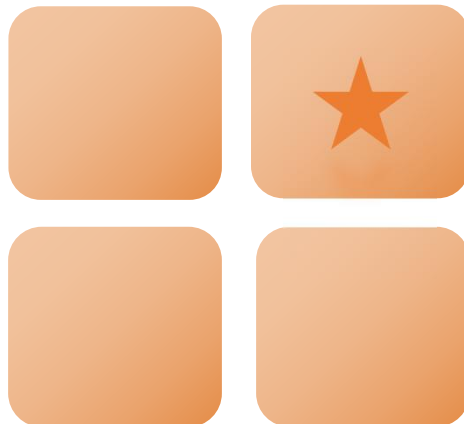
Expand market share through differentiation

Current Situation & Issues	The Improvement Plan	The Future Advice

Relying on the advantage

Avoidding disadvantage

Seizing the opportunity

Meetting the challenge

Conclusion：

- Long-term optimistic market environment, fierce competition in the industry, with design and research advantages
- Hard to control the product quality of upstream suppliers, and the internal control ability of enterprises restricts the further development

01. Strength
- ◆ Product differentiation, makes competitive advantages
- ◆ High R & D efficiency, and creative
- ◆ With a great marketing team

02.Weakness
- ◆ Inventory management is lagging behind sales expansion
- ◆ Lack of information capability, information can not be updated in real time
- ◆ The internal process and operation of the company is not standardized
- ◆ There are loopholes in product quality management

03. Opportunity
- ◆ Online shopping is all the rage
- ◆ The national birth policy promotes the toy market to expand continuously

04.Threat
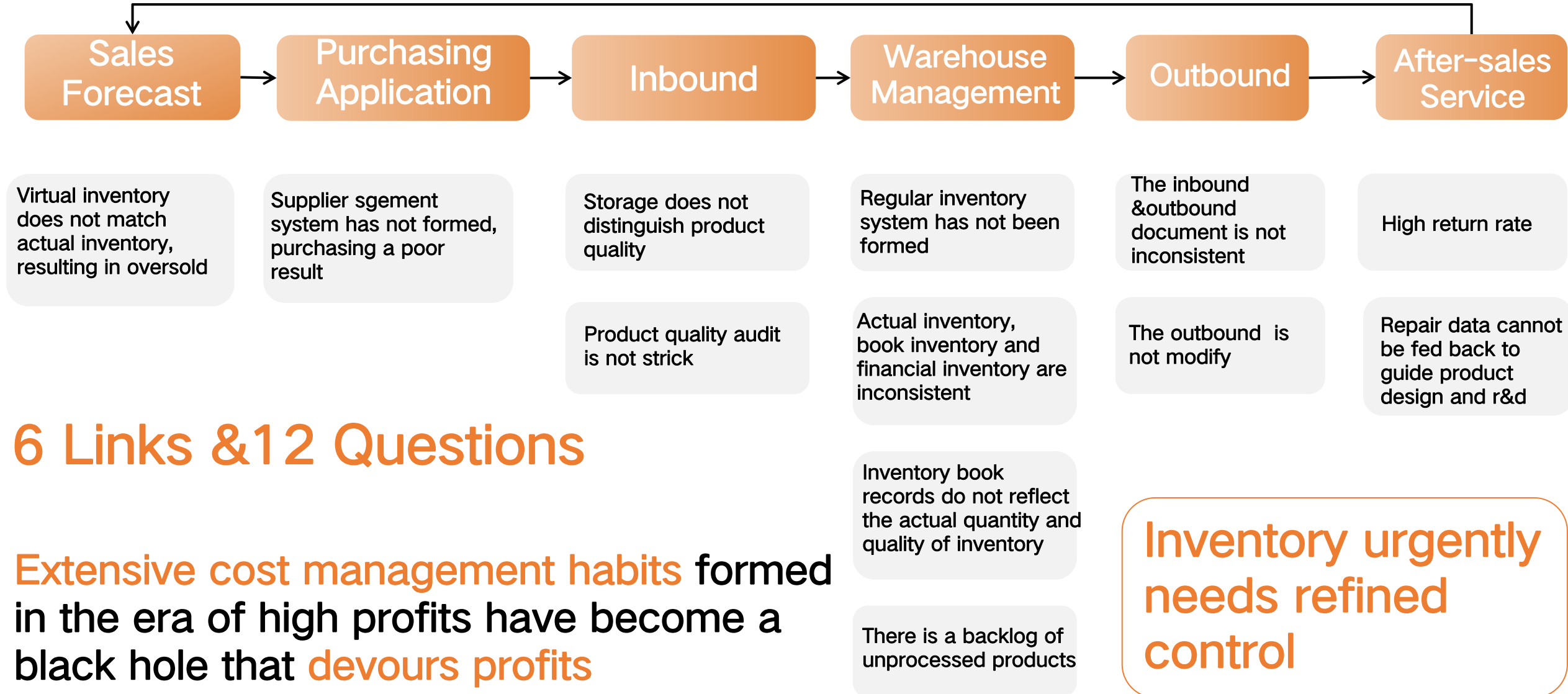- ◆ The epidemic has intensified competition
- ◆ The phenomenon of "oversold" appears
- ◆ Individual product because unsalable backlog is more serious, cannot cause to take seriously

Sorting out issues-Based on inventory management process

Sales Forecast → Purchasing Application → Inbound → Warehouse Management → Outbound → After-sales Service

Sales Forecast

Virtual inventory does not match actual inventory, resulting in oversold

Purchasing Application

Supplier sgement system has not formed, purchasing a poor result

Inbound

Storage does not distinguish product quality

Product quality audit is not strick

Warehouse Management

Regular inventory system has not been formed

Actual inventory, book inventory and financial inventory are inconsistent

Inventory book records do not reflect the actual quantity and quality of inventory

There is a backlog of unprocessed products

Outbound

The inbound &outbound document is not inconsistent

The outbound is not modify

After-sales Service

High return rate

Repair data cannot be fed back to guide product design and r&d

6 Links &12 Questions

Extensive cost management habits formed in the era of high profits have become a black hole that devours profits

Inventory urgently needs refined control

02

The Improvement Plan

The framework and principles

The core issue：Internal control

The goals：

Clarify process；Control quality；

Reduce return rates

Internal control system

Question-oriented

Inventory management business

Information system

Improvement proposals:

Adjusting structure

Fixing the system

Improving the process
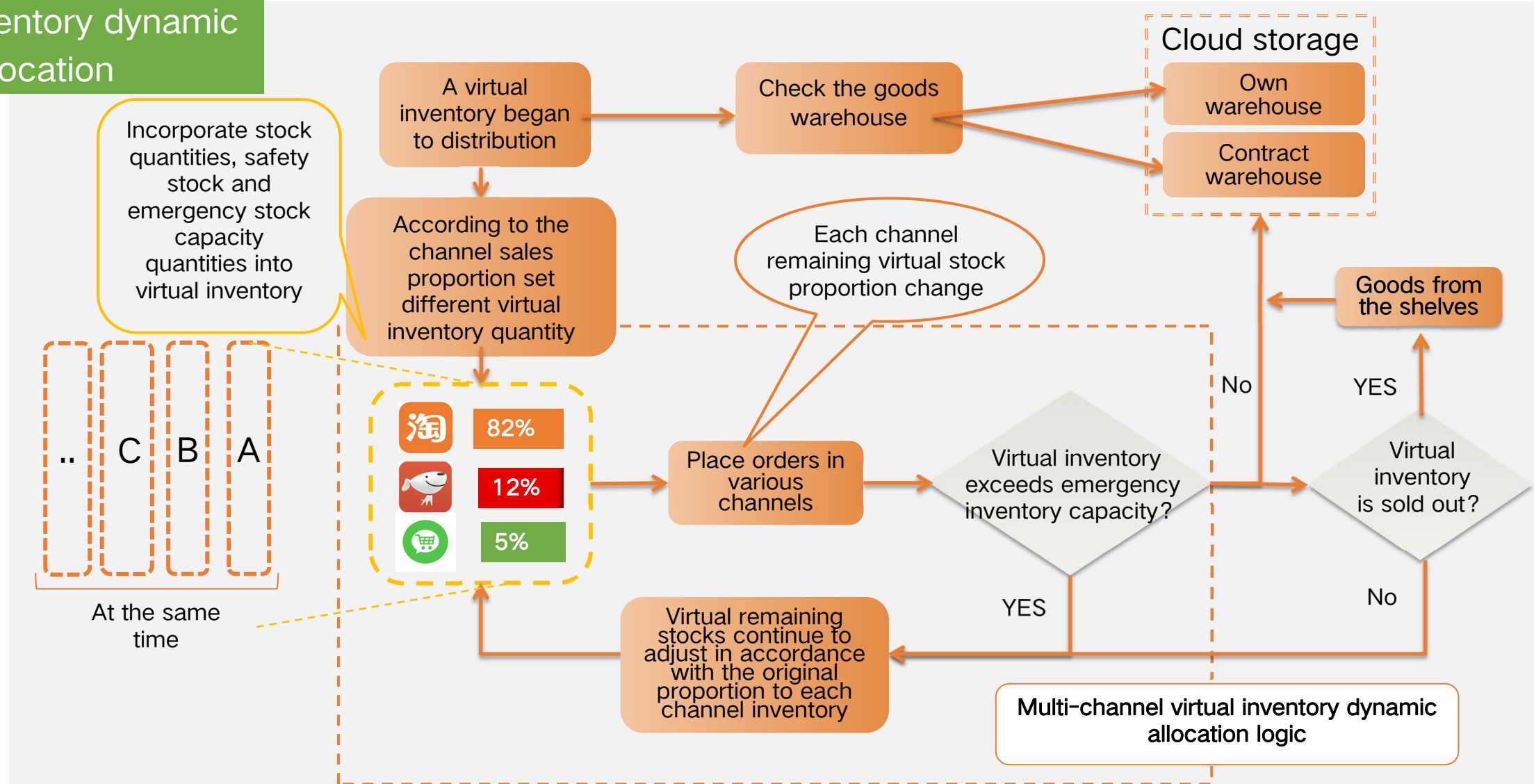
Optimizing information system

Enhancing OEM management

Building control and feedback mechanism

Building risk management

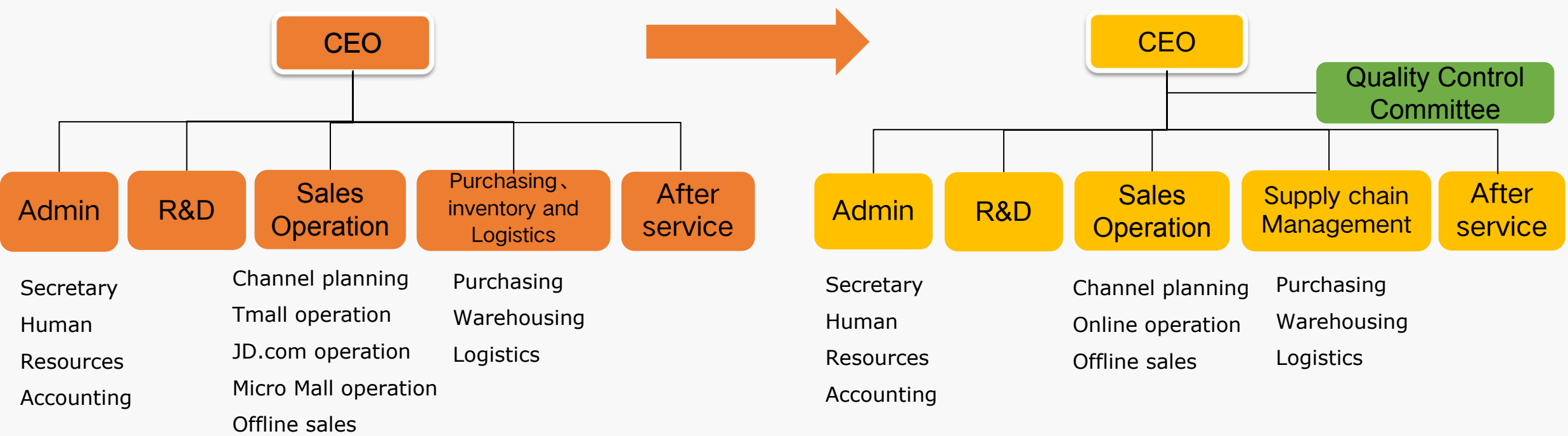## Q1：Virtual inventory does not match actual inventory, resulting in oversold

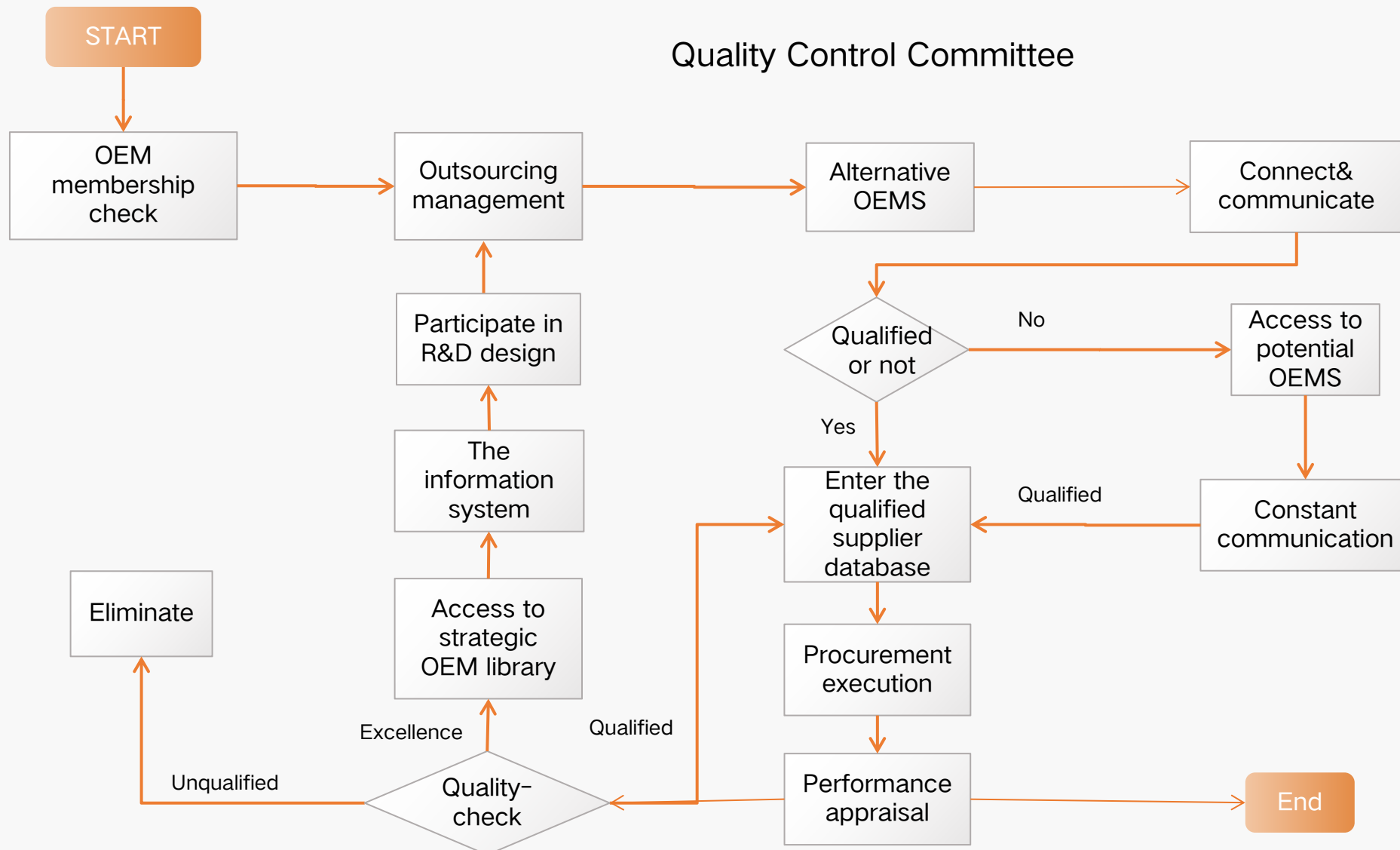**Virtual inventory dynamic allocation**

Incorporate stock quantities, safety stock and emergency stock capacity quantities into virtual inventory

A virtual inventory began to distribution

Check the goods warehouse

Cloud storage
- Own warehouse
- Contract warehouse

According to the channel sales proportion set different virtual inventory quantity

Each channel remaining virtual stock proportion change

Goods from the shelves

.. C B A

At the same time

淘 82%
12%
5%

Place orders in various channels

Virtual inventory exceeds emergency inventory capacity?

No   YES

Virtual inventory is sold out?

No

YES

Virtual remaining stocks continue to adjust in accordance with the original proportion to each channel inventory

Multi-channel virtual inventory dynamic allocation logic

Q2:Supplier sgement system has not formed, purchasing a poor result

Establishing supplier evaluation mechanism

Supplier management system

- Supplier management department
- Establishing quality committee to evaluate product quality regularly
- Establishing supplier performance appraisal mechanism
- Establishing strategic alliance supplier improve inventory information sharing with suppliers

Item Weight Table of Supplier Evaluation

Quality (40% , 15%)
Quality check and evaluation
After-service evaluation

Cost (20%)
Cost control
Business fit

Delivery (15%)
Delivery support fit

Services (10%)
Technical support fit

Comprehensive Evaluation Index for suppliers

Evaluation indicators	Evaluation basis	Evaluation benchmark
Quality indicators	Quality Audit and evaluation of production process	Production process check, quality system certification, material quality check
Technical Specification	Evaluation of technical level	Take the industry average technical production level as the benchmark
Cost indicators	Level of price competitiveness	Price level: better than the industry average level or FS company's average historical purchase price
		Accounting period: whether with FS company stipulated accounting period or better
		Payment terms: are they consistent with or superior to FS payment terms
Business integration	Ability to finance, deliver, etc	Have certain advance capital, financing ability, outstanding delivery ability

Q2: Supplier selection management system has not formed, purchasing a poor result

Adjusting the organizational structure

CEO

Admin
R&D
Sales Operation
Purchasing、inventory and Logistics
After service

Secretary
Human
Resources
Accounting

Channel planning
Tmall operation
JD.com operation
Micro Mall operation
Offline sales

Purchasing
Warehousing
Logistics

→

CEO

Quality Control Committee

Admin
R&D
Sales Operation
Supply chain Management
After service

Secretary
Human
Resources
Accounting

Channel planning
Online operation
Offline sales

Purchasing
Warehousing
Logistics

Q2:Supplier selection management system has not formed, purchasing a poor result

Quality Control Committee

Supplier management process

New process

START

OEM membership check → Outsourcing management → Alternative OEMS → Connect& communicate

Outsourcing management ← Participate in R&D design ← The information system ← Access to strategic OEM library

Qualified or not → No → Access to potential OEMS

Qualified or not → Yes → Enter the qualified supplier database

Access to potential OEMS → Constant communication → Qualified → Enter the qualified supplier database

Enter the qualified supplier database → Procurement execution → Performance appraisal → End

Performance appraisal → Quality-check

Quality-check → Qualified → Enter the qualified supplier database

Quality-check → Excellence → Access to strategic OEM library

Quality-check → Unqualified → Eliminate

Eliminate

Sales forecast | Purchasing Application | Inbound | Warehouse Management | Outbound | After-sales Service

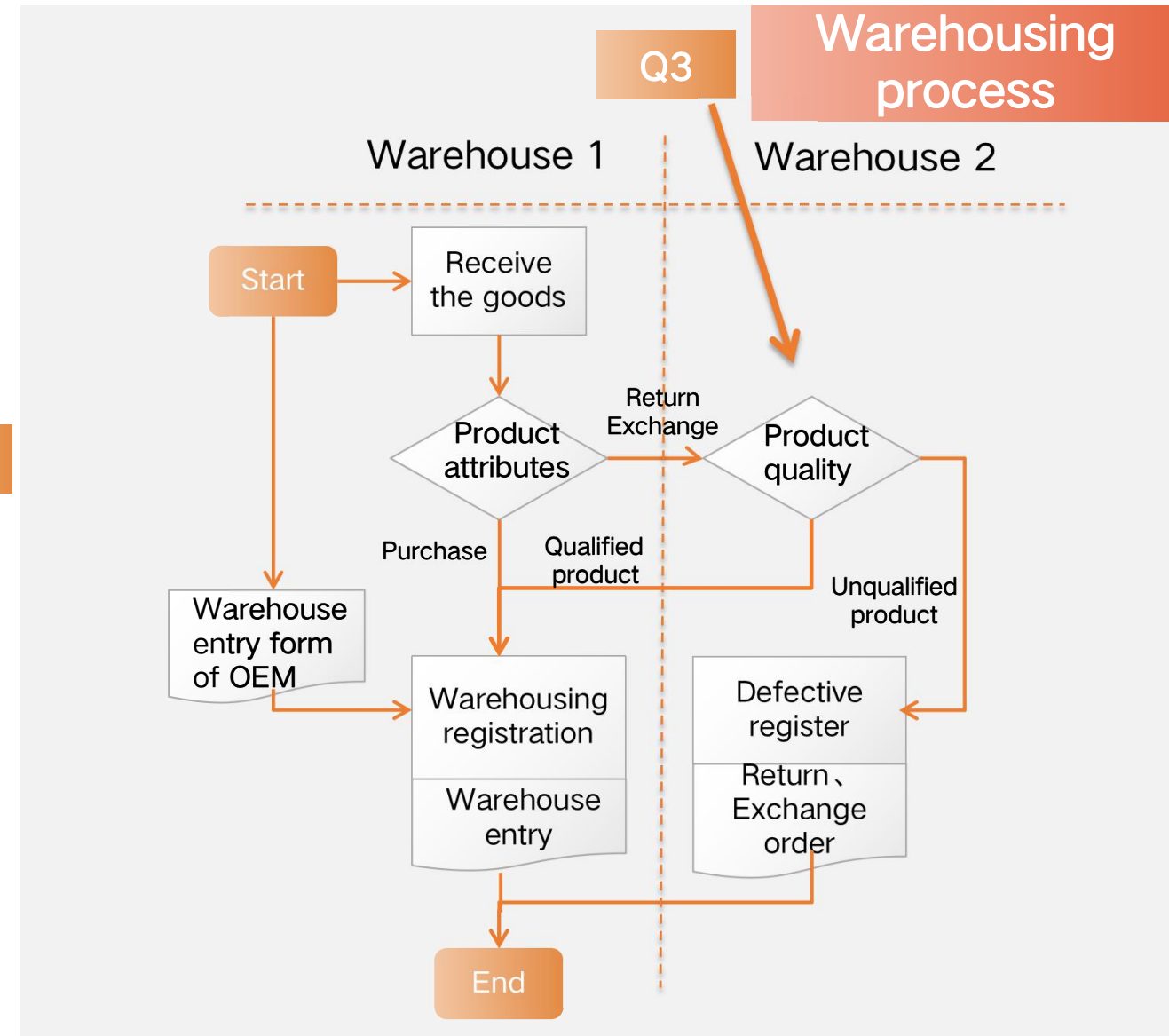**Q3：Storage does not distinguish product quality**

Q4：Product quality audit is not strick

Fixing system improve process

Inventory management system

- Periodic inventory taking
- Loading and unloading process clearly
- Strengthening the quality audit of incoming products and incorporate it into performance appraisal
- Cultivating employee awareness of inventory management
- Clearing product stacking location and product storage cycle

Q4

Q3

Warehousing process

Warehouse 1 | Warehouse 2

Start → Receive the goods

Product attributes

Return Exchange

Product quality

Purchase

Qualified product

Unqualified product

Warehouse entry form of OEM

Warehousing registration

Warehouse entry

Defective register

Return、Exchange order

End

Current Situation & Issues	The Improvement Plan	The Future Advice

Q5： No regular stock-taking system

Q6： Actual inventory, book inventory and financial inventory are inconsistent

Q7： Inventory book records cannot reflect the actual quantity and quality of inventory

Q8： Backlog products are not handled in time

Fixing system

Inventory management system

- Regular stock-taking
- Loading and unloading process clearly
- Strengthening the quality audit of incoming products and incorporate it into performance appraisal
- Cultivating employee awareness of inventory management
- Clearing product stacking location and product storage cycle

Conduct regular inventory every quarter, avoid June and November

Regular stock-taking time

The buyer is responsible for purchasing Warehouse keeper is responsible for storage

Quality audit responsibilities

Dry storage, cold insulation Strictly distinguish between qualified and non-qualified

Product stacking position

The unmarketable products storage cost is greater than the net realisable value

Product storage cycle

Stock-taking Process

Improve the process

Q6

Q7

Q8

Inventory manager

Accountant

Warehouse Manager

Head of Inventory Department
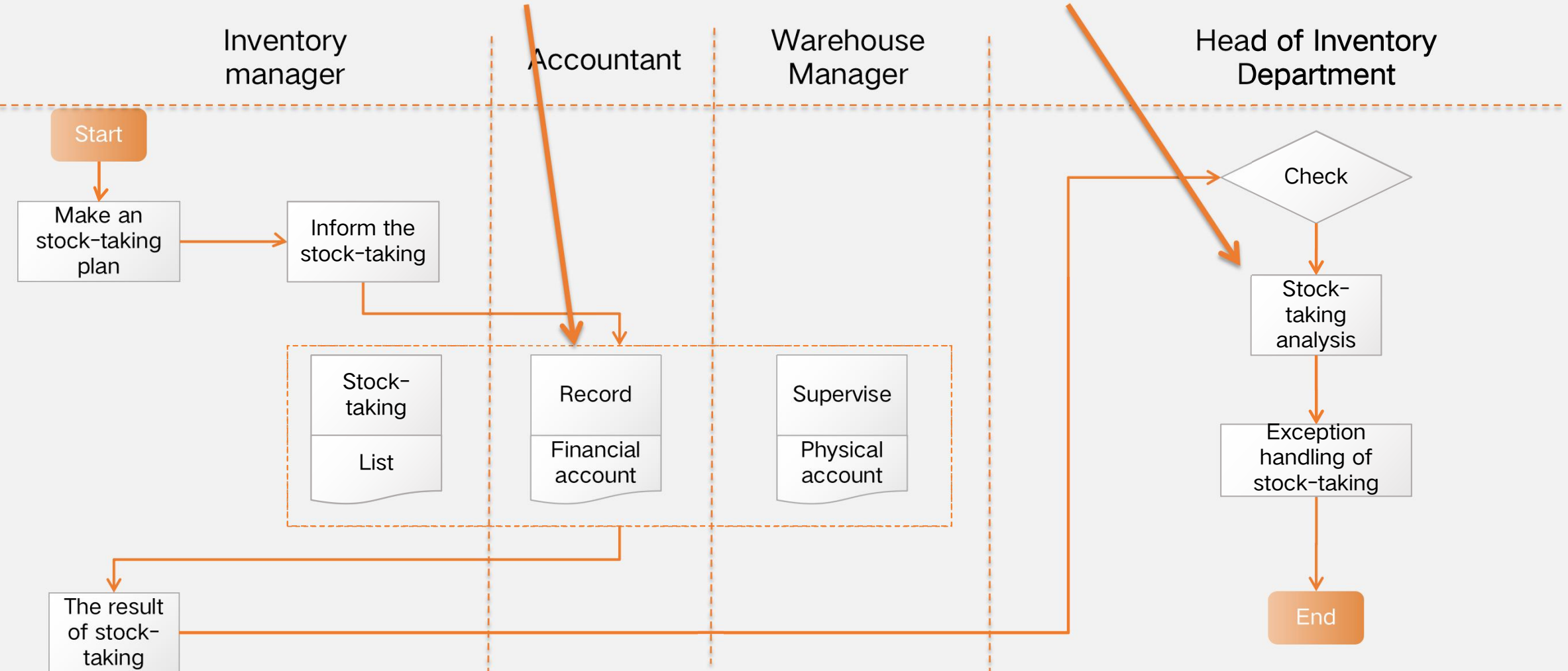
Start

Make an stock-taking plan

Inform the stock-taking

Stock-taking List

Record Financial account

Supervise Physical account

Check

Stock-taking analysis

Exception handling of stock-taking
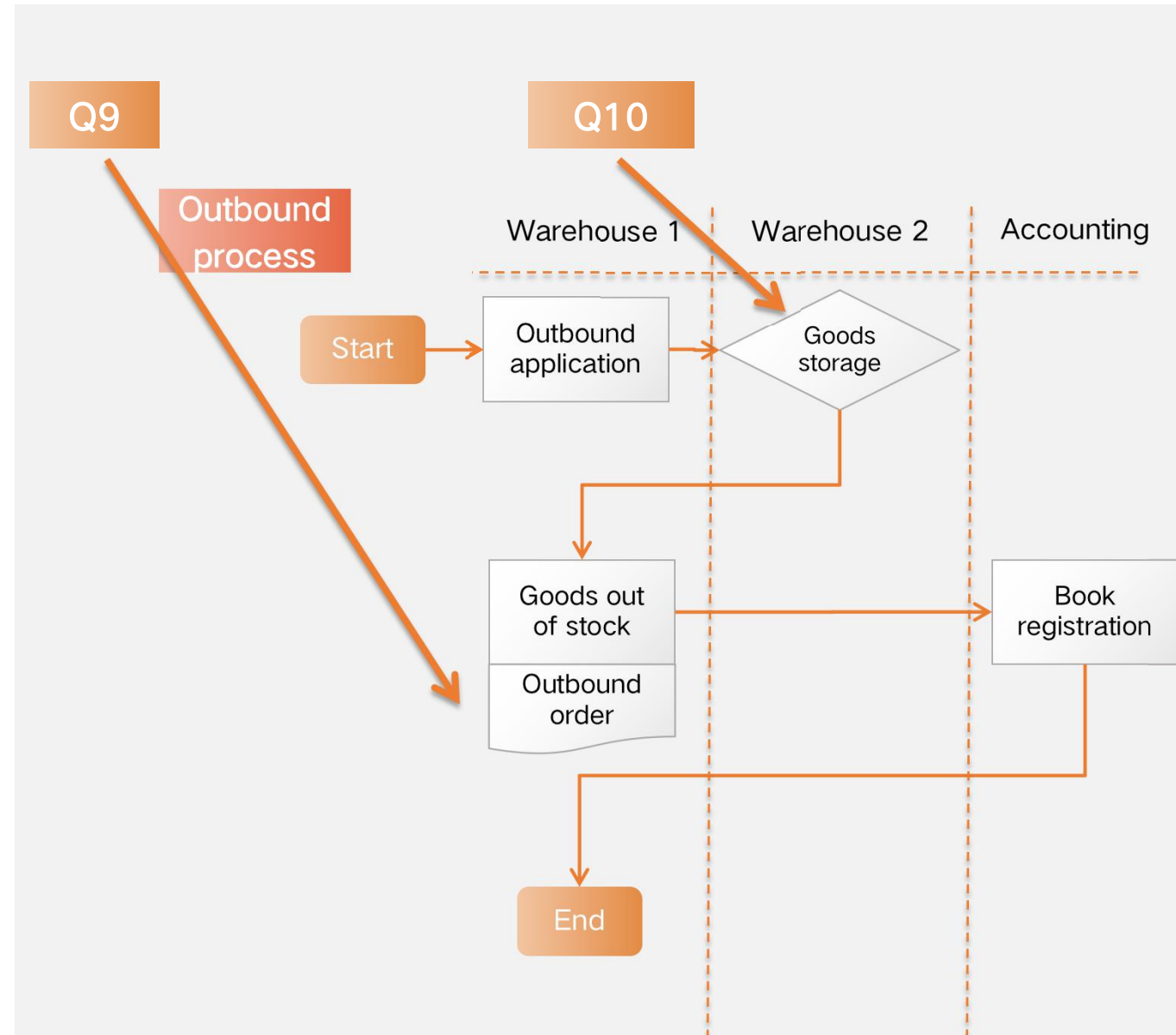
The result of stock-taking

End

Q9：The inbound &outbound document is not inconsistent
Q10：The outbound is not modify

Improving the system and the process

Inventory management system

- Periodic stock-taking
- Clearing the inbound and outbound process
- Strengthening the quality review of inbound products and incorporate them into performance appraisal
- Cultivating employees' awareness of inventory management
- Clearing product stacking location and product storage cycle

Q9

Q10

Outbound process

Warehouse 1 | Warehouse 2 | Accounting

Start → Outbound application → Goods storage

Goods out of stock

Outbound order

Book registration

End

Q11:Return rate remains high

Q12：Rework data can not be feedback to guide product design and development

Improving the system

Product ID

Sales order ID

After-sales order ID

After-sales management system

- Clear reason for return
- Track the status of returned products
- Regularly collect after-sales service information to provide support for supplier management, product development and design, and sales forecasting

Monthly statistics of after-sales service data：

1)Installation and debugging (person, times/day) and cost

2)After-sales dispatch (person, times/day) and cost

3)After-sales maintenance reason and status

4)After-sale shipping cost

5)Total after-sale costs (except for the installation and commissioning costs specified in the contract)

6)The monthly after-sales service project report is sorted and summarized, and rectification opinions and measures are put forward. At the beginning of the next month (before the 5th), a copy is sorted and sent to the design and development department, sales operation department, supplier management department, and CEO.

Return and exchange process

Q11

Q12

Consumer | Customer service | Supplier management | Accounting | R&D

Start

Return and exchange apply

Check

Return processing

Return form

Exchange processing

Exchange order

Factory Repair

Inbound process

Inbound process

Outbound process

Payment Settlement

Maintenance follow-up

Receive information

End

Sales forecast | Purchasing application | Incoming | Warehouse management | Outbound | After-sales service
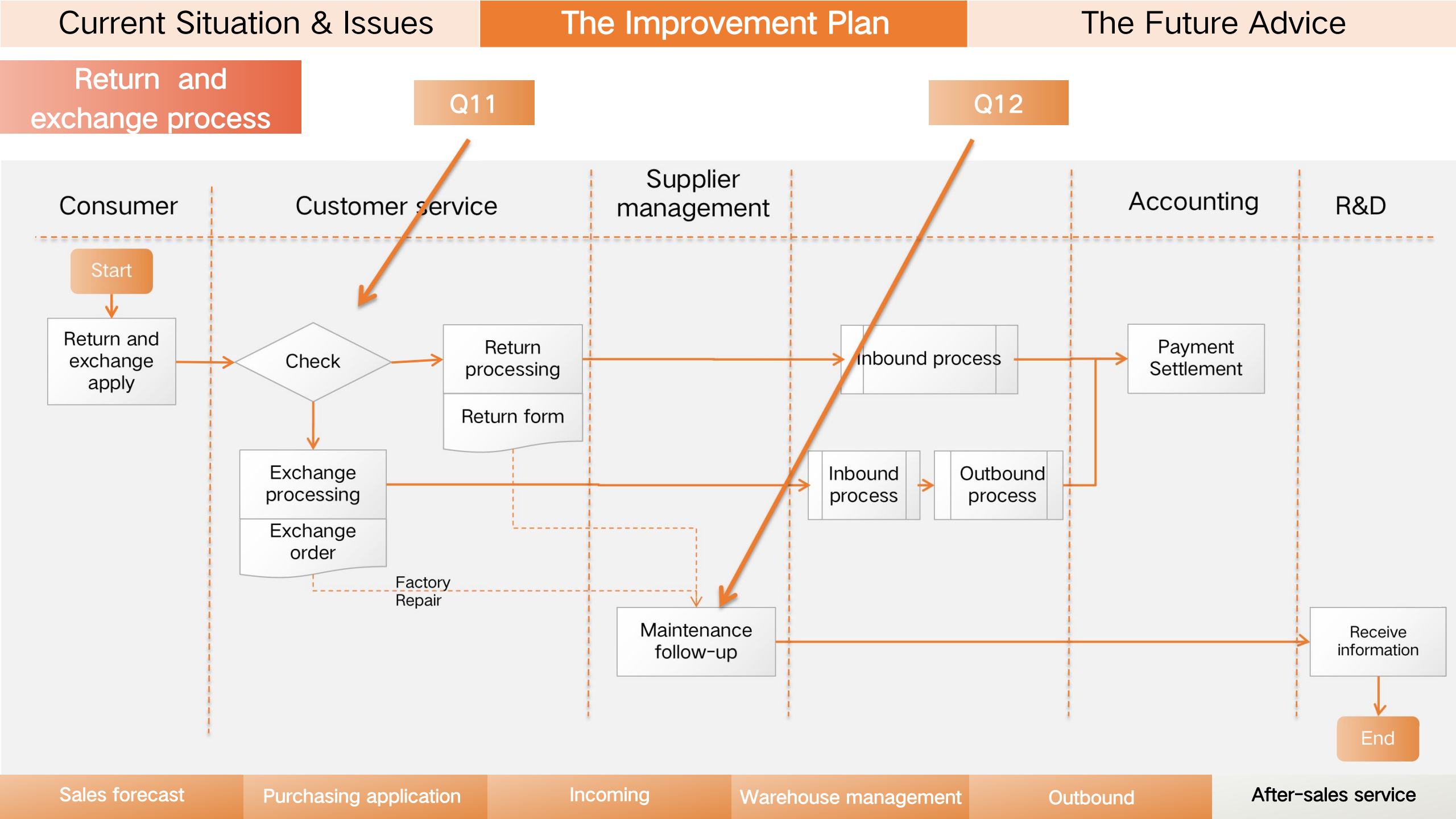
Information system needs

Management pain points

Document information is more complex

Difficulty in providing timely feedback

Inventory work is heavy

Inventory data sharing capability is weak

Underutilization of business data

Current status of Informatization
Excel + Good accountant
Send and save auxiliary records
Accounting, reporting, tax filing

Information system needs

Information needs

- Flexible business model and process configuration
- Fully integrated supply chain collaboration platform
- Barcode management
- Application integration of e-commerce

- Full integration of CRM and e-commerce
- Convenient mobile app
- Agile program management

- Supplier/Customer Collaboration Platform
- Finance and Business Integration

- Push-pull combined business document processing
- Easy and accurate data collection
- Real-time automated supplier evaluation

- Scientific plan
- Fine Inventory Management
- Reasonable purchase cost control

More Agile

More Collaborative

More Innovation

Low Cost

More Efficient
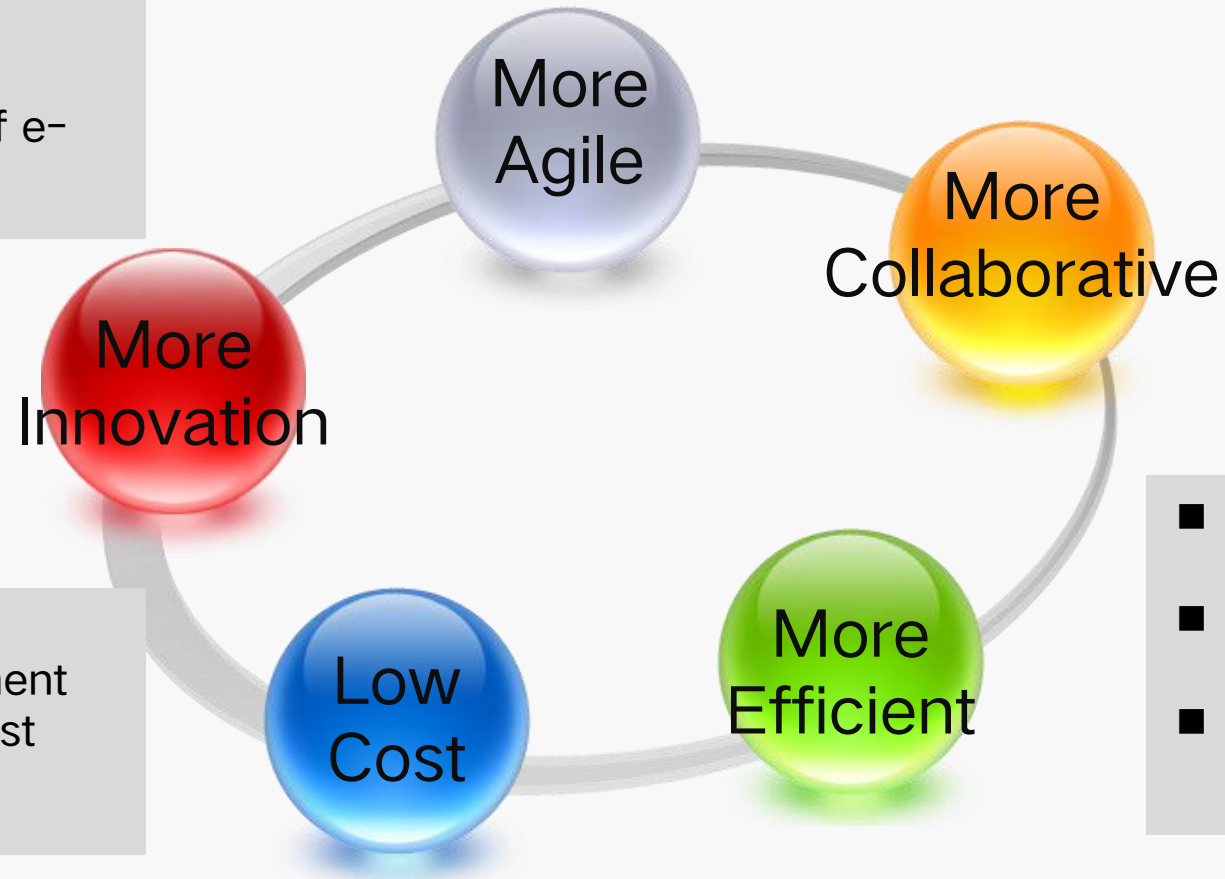
Information system research and selection

	Information system needs	T+	Kingdee Cloud Stars
Agile	Full integration of CRM and e-commerce	N	N
	Convenient mobile app	Y	Y
	Agile program management	Y	Y
Collaborative	Supplier/Customer Collaboration Platform	Y	N
	Finance and Business Integration	Y	Y
Efficient	Push-pull combined business document processing	Y	Y
	Easy and accurate data collection	Y	Y
	Real-time automated supplier evaluation	N	N
Cost	Scientific plan	Y	Y
	Fine Inventory Management	Y	Y
	Reasonable purchase cost control	Y	Y
Innovation	Flexible business model and process configuration	N	Y
	Fully integrated supply chain collaboration platform	N	N
	Barcode management	Y	Y
	Application integration of e-commerce	N	N
Service model		SAAS/PAAS	

Decision basis

Cost
Data connection
Satisfaction of needs
Comprehensive strength

Information system research and selection

Proposal1：Buyout system	
System modules	Unit price/yuan
Logistics management	6000
Serial number management	6000
Outsourcing processing	12800
Material requirements planning	9800
Quality inspection management	4800
Purchase sale management	16800
Inventory accounting	9800
Total	66000
Licensed Users：22P 47500	
Price description: Dedicated cloud gift 3 users; 4-10 users, 3000 yuan / user; 11-20 users, 2500 yuan / user; 21-30 users, 2000 yuan / user; 31 users or more, 1500 yuan / user	
Product quotation：142900	
Application service fee: including annual technical and engineer guidance, data assistance backup migration.	
Annual fee = product quotation * 15% = 21435	
Total：164335	

Proposal2：Rental system	
System modules	Unit price/yuan
Logistics management	2400
Serial number management	2400
Outsourcing processing	5000
Material requirements planning	3500
Quality inspection management	4000
Purchase sale management	6800
Inventory accounting	4000
Total	21600
Licensed Users：22P 17600	
Price description: 2-10 users: 1000/user/year; 11-20 users: 900/user/year; 21-30 users: 800/user/year; 31 users or more: 600/user/year	
Product quotation：39200	
No service charge	
Total：39200	

Product&vision

T+ Dedicated Cloud Standard Edition 16.0

Cost comparsion
- P1=（66000+19*2500）+（66000+19*2500）*15%*Y
- P2=（21600+800*22）*Y
- Y=5.11

Conclusion
- FS information system will be gradually updated after 3 years
- Base on FS development trend Propostal 2 will be better

03

The Future Advice

The future 3 steps

The digital transformation of nearly 80% of enterprises is still in the stage of basic exploration and simple operation, and is in a relatively low digital transformation process

3 Building a digital intelligence platform

2 Dynamic Improvement of Risk and Internal Control

1 Strengthening risk awareness

VUCA era
volatile
uncertain
complex
ambiguous

Digital Transformation:
A Tool to Overcome Dilemma

Data source: SME Digital Transformation Report–Tencent Social Research Center

Current Situation & Issues	The Improvement Plan	The Future Advice

Strengthening risk awareness

Governance culture
Strengthening risk awareness and pay attention to inventory risks

Strategy and goal setting
Focusing on the overall development of the company to provide assistance for the sustainable development of the company

Development status
Focusing on inventory management and pay attention to risk prevention and control

Sustained attention and response

Strategy risk	Market risk
Operate risk	Finance risk

Dynamic improvement of risk management and internal control

Focusing on strategic goals and risk changes, from the design to implementation of internal control, strengthen communication and monitoring, and continuously optimize and improve

Company strategic goals

Communication and Monitoring

1. Risk identification

8. Summary report

4. Is it realized?
risk control objective

7. Perform effectiveness assessments

2. Risk response

3. Carding and benchmarking Internal Control

Yes

no

6. Implement internal control responsibility

5. Improve and optimize the existing Internal Control

P

A

D

C

Risk assessment

Sort out and improve the internal control system

Evaluation report

Forming a closed loop
Continuous improvement

Building a digital intelligence platform - future direction

Connected Intelligence

Full contact	Public domain flow	search	advertise	stream media	shopping platform	→	WeChat	Weibo	Official website	APP	Private domain flow
Link	B2C pre-sale&after-sale public&private					↔	AI reception, video customer service, WeChat customer service, work order collaboration				
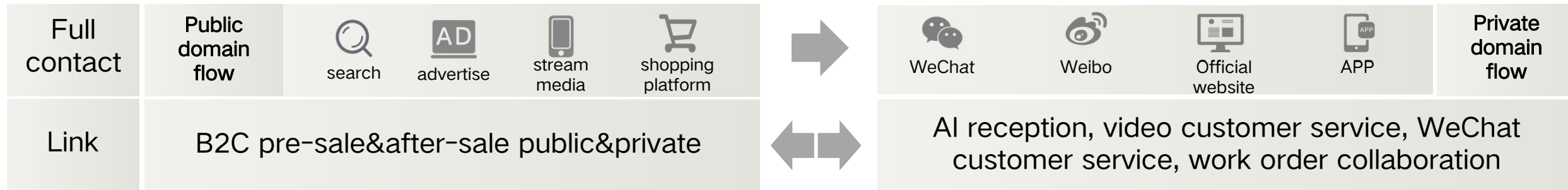
A new generation of digital intelligence platform

Data Intelligence

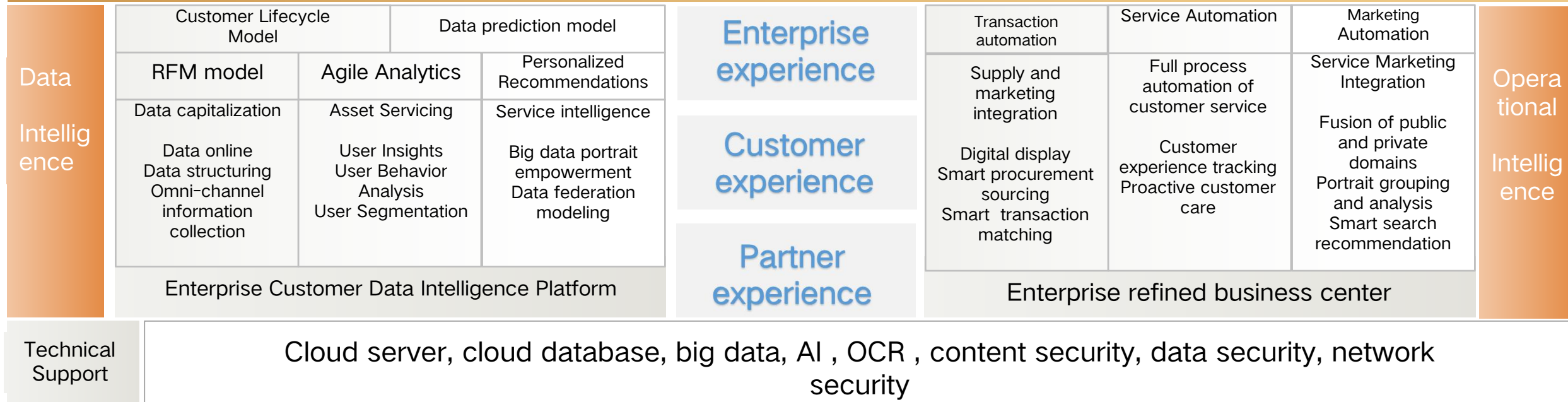| Customer Lifecycle Model		Data prediction model
RFM model	Agile Analytics	Personalized Recommendations
Data capitalization	Asset Servicing	Service intelligence
Data online Data structuring Omni-channel information collection	User Insights User Behavior Analysis User Segmentation	Big data portrait empowerment Data federation modeling

Enterprise Customer Data Intelligence Platform

Enterprise experience

Customer experience

Partner experience

Operational Intelligence

Transaction automation	Service Automation	Marketing Automation
Supply and marketing integration	Full process automation of customer service	Service Marketing Integration
Digital display Smart procurement sourcing Smart transaction matching	Customer experience tracking Proactive customer care	Fusion of public and private domains Portrait grouping and analysis Smart search recommendation

Enterprise refined business center

Technical Support | Cloud server, cloud database, big data, AI , OCR , content security, data security, network security

Thank you for watching.