Every MRP contains a fatal flaw

But there is a fix to improve stock availability, lower operating costs and rein in excess inventory by 25% (or even more)

RoadRunner Rx by CMS Montera

- ✓ Better item availability
- ✓ Lower operating costs
- ✓ 25% inventory reduction
- ✓ Data feed plugs directly into any ERP

Modern MRP algorithms are highly sensitive. They require accuracy and often a forecast of future orders

The problem is that achieving accuracy and a reliable forecast is not just challenging. It's impossible.

Employees are forced to step in to try and save the day. Their intuition is required to protect the business from two contradictory but costly consequences:

1 Ballooning, imbalanced inventory that increasingly consumes your cashflow

2 Shortages of stock that compromise sales revenue and cause unhappy customers

## RoadRunner Rx: a new algorithm to calculate material requirements

RoadRunner Rx uses an algorithm that draws on the well-established principles of Demand-Driven Replenishment (DDR).

DDR doesn't use forecasting. It accounts for changing customer orders, as well as unreliable plant and supplier performance.

It wholly removes the need for operator/management guesswork.

And it plugs directly into any ERP. There is no additional IT investment.

We know from experience that the RoadRunner Rx algorithm works. Scores of manufacturers supplying complex, multi part sub-components to global OEMs rely on it every day to decide what to buy and make.

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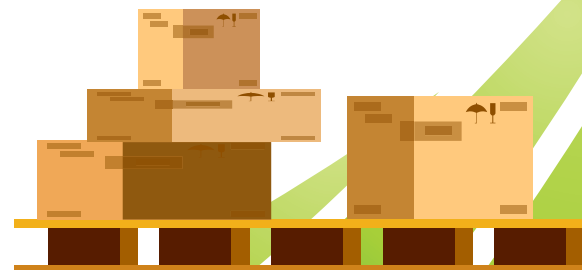
Let us simulate your inventory

Drop us an email & we'll get back to you.

Simply provide us the inputs for your last 12 months of transactions. We'll model your material requirements and compare it to actuals using RoadRunner Rx. We'll then show you the difference in what you should have ordered versus what you did.

This will enable you to evaluate the power and accuracy of Rx, and the potential savings and improvements to cash flow.
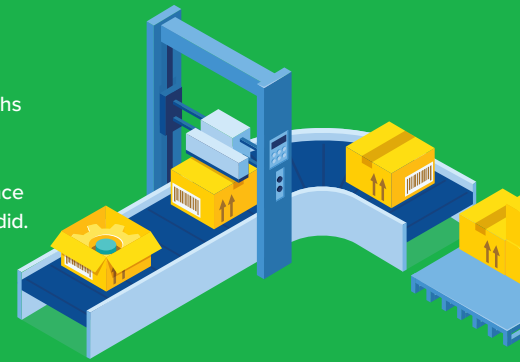
Conventional MRPs
Push, forecast driven algorithm
$f(\text{Forecast.Safety}^{\text{intuition}})$

VS

RoadRunner Rx
Pull, demand-driven algorithm
$f(\text{Consumption.Buffer}^{\text{feedback}})$

ALGORITHM RULES

- Rely on accuracy and forecast
- Add safety stock as required
- Adjust with intuition

ALGORITHM RULES

- Establish stock buffer "wall"
- Replenish what's consumed
- Absorb inaccuracy with buffer wall
- Adjust with feedback loop

ALGORITHM CONSEQUENCES

DISADVANTAGES

- ❌ Elevated operating costs
- ❌ Ever increasing inventory level
- ❌ Many shortages with lost revenue

ALGORITHM CONSEQUENCES

BENEFITS

- ✅ Lower operating costs improving profitability
- ✅ Rapid inventory reduction releasing cash
- ✅ Fewer shortages increasing sales

RoadRunner Rx Results

Client	Scale	Sales	Inventory $ Reduction	Inventory Turns Increase (from x to x)	Inventory Availability (from x to x)
Industrial Manufacturer and Distributor	5 plants and 17 warehouses	$200M	-60%	5.6x to 14x	n/a
Food Manufacturer	2 plants	$100M	-50%	5.4x to 10x	70% to 92%
Hi-Tech Manufacturer	1 plant	$120M	-50%	2.1x to 4.2x	65% to 97%
Automotive Parts Supplier	1 plant	$25M	-40%	6.7x to 11x	n/a
Automotive Parts Supplier	1 plant	$160M	-30%	9x to 12x	n/a
Industrial Manufacturer	4 plants and 6 warehouses	$100M	-30%	6.1x to 8.5x	85% to 96%
Industrial Manufacturer	1 plant	$20M	-30%	5.5x to 8.3x	n/a
Food Manufacturer	1 plant	$20M	-25%	5x to 6.7x	n/a
Food Manufacturer	1 plant	$20M	-25%	8x to 11x	90% to 98%
Industrial Manufacturer	4 plants and 2 warehouses	$250M	-25%	4.5x to 6.1x	72% to 95%
Food Manufacturer	1 plant	$35M	-20%	12x to 15x	92% to 98%

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