



## Case study



**Customer:** Newitts  
**Location:** York, North Yorkshire, UK  
**Industry:** Distribution  
**Software:**

### Company Profile

Established in 1902, Newitts is a mail order supplier of sports apparel and equipment. Employing 35 people, the company operates its corporate HQ and a specifically built 60,000 sq. ft warehouse from outside York, shipping an average 600 orders per day.

### Challenges

- More reliable stock forecasting
- Need to reduce stock holding
- Maintain service levels with less stock
- Too many back-orders
- Integration with Dynamics NAV

### Solutions

- Inventory levels lowered by 15%
- Introduction of new product lines
- 50% reduction in resource requirement
- Increased service levels
- More efficient purchasing clerks
- Stock turns dramatically increased
- ROI in 6 months



### Inventory Optimiser

AGR is a supply chain planning specialist offering solutions that optimise the flow of goods throughout the supply chain for distribution, retail and manufacturing companies. AGR's main solution, the Inventory Optimiser, is a solution that increases profits by eliminating unnecessary costs from the supply chain. It uses raw data from any ERP system and automatically selects the best-fitting forecasting method to estimate future demand.

For more information go to:  
[www.agrnordic.com](http://www.agrnordic.com)



# 15% less stock and ROI within 6 months

**“AGR Inventory Optimiser has helped us reduce our stock holding by 15% as well as saving us 50% resource requirements. At the same time we have added new product lines and maintained the very high service levels our customers have come to expect – a great result”**

Ian Wilson, IT manager, Newitts

### Business needs

Newitts of York is a mail order supplier of sports equipment. As a well-established and growing business with customers throughout the UK, Newitts identified the need to reduce costs by improving inventory management through more accurate and longer term demand planning. To achieve this, the company has implemented AGR Inventory Optimiser software.



Even after more than a 100 years of business, Newitts remains a family company, operating from a central warehouse in York, North Yorkshire, UK. The company supplies specialist equipment and clothing for a huge range of sports, from aerobics to weightlifting. Customers range from very large public sector bodies like HM Prison Service and Strathclyde Council to schools and sports clubs as well as the general public via their website [www.newitts.com](http://www.newitts.com). The company carries around 15,000 current Stock Keeping Units (SKUs) and holds historical sales data on about 40,000 lines.

### High service levels

Newitts has a long history of technical excellence, being one of the early adopters of eCommerce. The company has been selling to the general public via its website since 1997 and owes its success to its very high service levels, which has ensured that customers come back time and again. The competitive marketplace generated by internet shopping means having the right stock available at the right price is paramount and while Newitts has been able to deliver 98% of items from stock, this has also led to some overstocking issues.

To ensure they continue to meet the high service standards, while significantly reducing its stock holding, the company needed decided to look for an inventory management system that could meet these requirements, quickly, cost-effectively and with minimal impact on the smooth running of the business. “We are a growing business, often shipping more than 600 orders every day. However, our forecasting was based on making sure we could fulfil every order any time. This meant we were spending far too much time creating back orders, making us much more reactive than proactive. We wanted to forecast smarter so that we had the right stock available without having the stock we didn't need. This would make us leaner and more flexible so that we could control sales processes much better through promotions and other advanced selling techniques,” says Wilson.



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### **AGR was the right choice**

Newitts reviewed the market and found a software product that appeared to deliver everything they were looking for. AGR Inventory Optimiser is an inventory management software tool that has been specially designed for operations in retail, wholesale, distribution and manufacturing. The system uses data from any ERP or transaction system and employs sophisticated forecasting methods along with established inventory management techniques to deliver proposals on purchases to minimise total inventory costs. It is specially designed to make purchasing easier and more effective; with graphical displays of information and easy to perform sales history adjustments.

“AGR Inventory Optimiser integrated seamlessly with our Microsoft Dynamics NAV (also known as Navision) ERP system, which meant we could implement the system with no impact at all on other areas of the business. AGR’s approach is to focus exclusively on delivering accurate forecasting that results in less cash being tied up in stock holding and a more flexible yet comprehensive approach to customer service.

We were very impressed with their understanding of this area and of our business model and made the decision to install the software,” says Wilson. Based on a pilot system covering around 200 product lines with sales history, AGR used its exclusive simulation system to generate a sales forecast. When compared with the actual sales figures, the simulator indicated a realistic target of around 20% reduction in stock holding whilst maintaining a similar, and in many cases, improved service.

### **Fast Implementation**

“Implementation was very straightforward and the AGR implementation team responded well to our specific requirements so that we completed the integration even earlier than expected,” says Wilson. He continues, “We wanted to make sure that when we upgrade to the next release of Dynamics NAV, AGR would continue to operate in precisely the same way. We could see our purchasing clerks were going to be very happy with this system and we didn’t want to have to lose it if we moved to a new ERP. This turned out to be very straightforward as AGR is designed to integrate with any ERP, whilst operating separately.”

Newitts is very pleased with the decision to purchase AGR Inventory Optimiser and as a result have adopted much more accurate and effective purchasing capabilities. “After being live for almost a year we have seen our inventory reduced by 15%, which represents a cash saving of £350,000. At the same time we have the confidence to add more stock lines, knowing that we are not going to be saddled with excess stock that we cannot sell. Before Inventory Optimiser was implemented, our stock turns were under three times per annum and now they are over five times. This has increased our bottom line profit quite considerably,” explains Wilson.

### **Inventory at a glance**

AGR’s intuitive graphic interface allows purchasing staff to gain much greater insight from our historical sales data and translate this into more accurate and effective sales forecasts. In the past they had to download the data into a Microsoft Excel spreadsheet, which was both time-consuming and difficult to handle. This practice was driven by the restrictive nature of the Dynamics Nav min/max stocking rules. At a glance, they now see a clear and accurate overview of the current stock position, allowing them more time to manage inventory and less time wasted checking and matching incorrect data. “AGR Inventory Optimiser has released more than 50% of staff time for other duties and has moved us closer to true Just-In-Time stock replenishment,” Wilson says, adding “In addition, we can now trust the figures produced, which makes the ease and visibility of the purchasing process a dream come true.”

#### Exception Reporting

AGR Optimiser also includes an additional feature called Management By Exception (MBE). This functionality allows the system to generate specific early warning reports (easily set up by the end users) that highlight and prioritise the key situations they need to attend to. Newitts is able to define exception reports to identify items that need special attention, such as potential stock-outs, late deliveries, high forecasting errors and slow movers. Using MBE has allowed more time for analysis and once corrections have been made, stock and service levels have improved.

Newitts is an excellent example of a progressive family company that has had the vision and ambition to investigate the latest trends in advanced inventory management. With the help of AGR, Newitts has been able to significantly lower costs in its business whilst making it more agile and responsive to customer requirements. This has resulted in a 15% reduction in stock, a 50% reduction in resource requirement, a return on investment within 6 months and a platform that will ensure a more efficient, productive and profitable business long into the future.