

“These are Not Normal Times (We Had to Do Even More)”

Virtual Speech Recorded and Delivered
at a National Employee Meeting

EXCERPT 1: SPEECH OPENING

Hello, everyone! I’m coming to you today from the Dayton DC – which has not slowed down one bit despite the global pandemic.

In fact: It was this pandemic that caused Mark Burke – the president at Winsupply of Jacksonville – to call me back in April with a laundry list of real concerns.

Mark was straight with me:

- We’d promised to stock plenty of inventory in the new Jacksonville DC – so where was it?
- Plus, many products Mark had ordered from us, even A and B items, were on backorder. But why?
- And what about all the purchase orders to vendors in our system? Why were quantities so low? How could we possibly cover current backorders? Or meet future demand?

This pandemic had disrupted our supply chain.

Completely!

All of us at Sourcing Services were frustrated.

Every day with our vendors, we were demanding accountability. And asking a lot of questions: *How could we guarantee “our place in line” – and get the inventory we needed to get?*

Here at Sourcing Services, we knew the problems – and were desperately seeking solutions.

But after that phone call with Mark?

I knew we had to do even more.

So what did we do?

First, let's talk about the availability of inventory.

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EXCERPT 2

All of these changes I've shared bring us right back to where we started today: that phone call from Mark Burke from his local company in Jacksonville.

In truth, there's another reason why our DC inventory was so completely out of whack, as Mark said. Another reason why there wasn't enough on order in the DCs – not even enough to cover backorders from Mark's company and others.

In no time, the root cause became clear: Because of the pandemic, our Vendor Managed Inventory, our VMI process, needed a makeover.

We use VMI with our largest vendors like A. O. Smith, Charlotte Pipe, JCI and NIBCO.

In normal times, here's how VMI works:

- First, certain vendors get to manage and forecast the inventory they will stock in our DCs.
- To build their replenishment orders, these vendors rely mostly on historical data.
- And then – each week at Sourcing Services – we review all the suggested VMI orders and make sure they're good to go.

In normal times, this process works well!

But these are not normal times.

Since this pandemic began, product demand at Winsupply has been unpredictable: Sometimes low, sometimes lumpy and sometimes off the charts!

Our weekly reviews of suggested VMI orders was no longer enough. So we began to make some changes.

We had crucial conversations with vendors. And set up new norms:

- Today, we “look over the shoulders” of our VMI vendors by verifying every order instead of simply trusting every suggestion.
- And we’re doing it more frequently since our weekly timeframe for replenishment orders has changed. Today, we review orders daily – or at least several days a week – with most every VMI vendor.

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EXCERPT 3: SPEECH CLOSING

Two of the people at Sourcing Services who help local companies win in their markets every day are Brock Smith, our general manager at the Dayton DC, and Nick Richards, our purchasing manager.

In just a moment, Brock and Nick will join me to provide a little more perspective about all three issues we’ve talked about today – the changes we’ve made to improve inventory availability, vendor communication and VMI replenishment.

A lot of you know Brock Smith since he’s been at Winsupply for 26 years. During that time, he’s built strong relationships with local companies. Today, a lot of people say Brock Smith **IS** the Dayton DC!

If you’re one of our 200 local companies that buy HVAC, you know Nick Richards. Eight years ago, he joined Winsupply as a dock coordinator. Today, he’s known for his ability to work with our vendors so we get what we need into the DCs – when we need it – for you.

Together, Brock and Nick bring a perspective that no one else can bring.

And now let’s meet up with Brock and Nick.