

CASE STUDY: HERMAN PRO AV



Herman Pro AV Taps Absolute Value for Inventory Optimization

SITUATION

Herman Pro AV is a leading provider of professional audiovisual (AV) products, procurement services, and labor resources to systems integrators in the commercial AV and broadcast industries. The company offers several value-added services programs to empower its systems integrator customers to achieve more by improving operational efficiencies, increasing cash flow, and attaining overall cost savings related to the procurement of products used in commercial AV installations.

Growing business, growing inventory

As a result of Herman's innovative programs for their integrators, the company has doubled its growth over the past few years. As the business grew, it became apparent that their internal inventory management processes also needed to grow due to a number of factors:

- Their forecasts were too static
- They didn't have the right information to scale their inventory to meet the growing demand
- Service levels were not where they needed to be
- Key data for vendor minimum discounts and consignment inventory were a challenge to find and manage in their current system

SOLUTION

Realizing they needed to expand their inventory management capabilities, Herman decided to implement Absolute Value's Demand Planning system.

Demand Planning's ability to update forecasts dynamically, provide comprehensive inventory visibility, and maximize transfers to reduce operating costs and save on vendor minimums, made it an attractive option. The system's ability to do collaborative forecasts and run on any ERP system, including the Prophet 21 system used by Herman, were also critical.



About Herman Pro AV

Location: Miramar, FL

Industry: Commercial audiovisual

Customers: Systems integrators

Employees, Distribution Division: 55

Distribution facilities: Atlanta, GA; Edison, NJ; and Sparks, NV

ERP System: Prophet 21

Benefits

Tremendous time savings

Greater inventory visibility/scalability

Collaborating with customers & vendors

Streamlining consignment inventory

Resource reallocation

Productivity improvements

RESULTS

Absolute Value's Demand Planning, working in combination with P21, has been instrumental in getting Herman's inventory management practices up to speed for the company's anticipated growth.

- ✓ **Time Savings** -- According to Herman Co-CEO David Wolf, "We used to load all our sales data onto an Excel spreadsheet every month and spend two to three days reviewing the projected forecast and making adjustments. Then we'd load all the data back up into the ERP system. Now Demand Planning does everything for us. We spend just an hour or two a month checking to see whether the system is flagging any exceptions."
- ✓ **Inventory Visibility** -- Dynamic controls that continuously review all pertinent supply chain elements, enable the Demand Planning software to make suggestions on what to order. The system presents optimized suggested orders on a daily, or on-demand basis, for the purchasing team's review. They can now see what's moving, what's forecasted, what they need to buy more of, and whether to alter their current purchasing schedule.
- ✓ **Collaborative Forecasts** -- Herman now has the ability to take their vendors' and customers' forecasts and put that data into the system as part of their overall forecasting process -- dramatically enhancing their forecasting and modeling.
- ✓ **Productivity Improvements** -- Working with a review cycle, an optimized forecast, and anticipated lead time has enabled Herman to reduce the number of purchase orders generated. Aggregating more inventory in this way has also enabled them to take advantage of vendor minimums. And decreasing the number of shipments coming in has reduced associated processing costs.
- ✓ **Improved Resource Allocation** -- Although their workload has increased with the company's growth, Herman hasn't had to add any people to the inventory management team. The system has enabled them to reassign people previously engaged in manual tasks to more strategic tasks.
- ✓ **Downtime Eliminated** -- Having an automated system in place also means they don't have to rely only on key team members to keep details and procedural steps in their head. With a reliable and consistent system in place there's no downtime when key personnel are unavailable.



"The Demand Planning software offers deep functionality and is very versatile. Equally impressive is the team behind it. The service, support, degree of responsiveness, and genuine interest the Absolute Value team has taken in our company has been outstanding."

– David Wolf,
Co-CEO
Herman Pro AV