

Purchasing, recovery and availability must be managed as one commercial decision

SCQA: the accepted position, the complication, the question and the answer

SITUATION

The portfolio supports active parts demand and contains £6,142,730 of inventory.

COMPLICATION

£886,639 above target coexists with £336,104 of calculated understock. The same system is tying up capital while also exposing availability.

INTERPRETATION BOUNDARY

The inventory KPIs surface the exceptions with clarity and precision. They will not tell you what is wrong. They will tell you where to look. The figures identify trapped capital and service risk; they do not yet confirm the mechanism, the root cause or the correct commercial response. That determination requires evidence, not further calculation.

QUESTION

How should management reduce avoidable stock and protect service without one action making the other problem worse?

ANSWER

£552,211 of above-target stock is still selling, so replenishment on those lines should be reduced only where projected available stock covers forecast demand, committed orders and supplier lead time, while £336,104 of short lines should be protected at the same time, before the £133,069 of dead stock is written down or any target setting is changed.

Governed calculations identify each exception and the evidence it requires. The AI-assisted interpretation reads the whole position once, at portfolio level. Commercial authority remains with an authorised person.

DECISION REQUIRED

Adopt this answer as the single governing recommendation for everything that follows in this report.

Three arguments support the one recommendation

Every subsequent page in this report supports one of these three arguments

ARGUMENT 1 — CONTAIN FURTHER INVENTORY EXPOSURE

Workstream: Contain avoidable replenishment. £886,639 of above-target stock should not grow while recovery routes are chosen — review open orders and reduce or suspend replenishment only where projected available stock covers forecast demand, committed orders and supplier lead time, with controls on the critical exceptions.

ARGUMENT 2 — RECOVER VALIDATED INVENTORY VALUE

Workstream: Recover. £45,178 of that same above-target position — a subset of the £886,639 above, not additional money — is now evidence-led tested for transfer, supplier or network recovery, controlled sale, or write-down/disposal only where evidence and authority allow it.

ARGUMENT 3 — PROTECT AVAILABILITY AND PREVENT RECURRENCE

Workstreams: Invest and Maintain. £336,104 of calculated shortage requires a targeted replenishment review, and the replenishment parameters should be checked to establish whether they contributed to both the shortage and the excess, with an owner and monitoring to prevent recurrence.

DECISION REQUIRED

Review the governed evidence for each argument in turn before reaching the consolidated approvals.

Where the exposure sits, and what the above-target total is made of

Decision aid 1 of 5 · Portfolio at a glance

EXPOSURE BY CATEGORY AND POSITION

	Overstock	Slow moving	Dead stock	Below target	Not classifiable
EV Components	£148,261	£58,128	£31,875	£105,754	£7,331
Powertrain	£65,136	£34,208	£23,079	£64,427	.
Electrical	£101,167	£28,678	£19,588	£34,821	£1,022
Cooling	£44,480	£26,102	£13,231	£30,497	£1,306
Suspension	£44,731	£17,216	£11,847	£40,987	.
Body & Trim	£56,675	£13,632	£7,290	£14,027	£922
Accessories	£49,400	£11,825	£10,212	£18,842	.
Braking	£34,012	£8,684	£14,220	£23,998	£1,377

Above-target columns show value above target; below target shows value needed to reach target; not classifiable shows stock value on lines with no sales history (quarantined). 1 smaller categories not shown.

HOW THE £886,639 ABOVE TARGET BREAKS DOWN

Moving excess (cause unconfirmed)		£552,211
High-cover excess (recorded sales)		£201,359
Dead stock		£133,069
Above target (governed total)		£886,639

Each segment is value above target only; the segments add exactly to the governed total. Stock value is not cash.

DECISION REQUIRED

Treat each position as its own decision: above-target and below-target stock are never resolved by one action.