

## EXECUTIVE SUMMARY

The prime intention of this management skills project was to reduce inventory related expenses of Transmed Overseas Incorporated S.A. (TM FSD UAE) food service division. TM FSD UAE is a fast moving consumer goods (FMCG) organization under the wing of its Lebanese mother company Transmed S.A.L. TM FSD UAE as a food service company, add value to their customers through best in class distribution service and unique products. At the moment TM FSD UAE ranks as one of the top five companies among the food service suppliers who provide similar services in UAE.

Value of inventory in a trading business takes up a big percentage of its total capital, yet inventory management is one of the most neglected areas in many small and medium (SME) organizations. As a result of this, most of SME organizations are struggling with cash flow challenges. This is further being fuel by poor forecasting and replenishment planning techniques, and inventory pileups resulted through improper procurement negotiations. This symptoms are pretty much shown in TM FSD UAE due to their historical alliance with the Transmed retail division plus their focus on servicing the chain customers who contribute more than 50% of their revenues.

In the intention of improvising the organisation's position, the causes for the organisation's unhealthy trend was identified within various areas. Subsequently, corrective measures were set for inventory, product cost and operations cost optimization. Then the plan was executed in order to achieve a cost savings US\$ 1,309,000/- by December 2017 which is 50% cost savings on inventory related expenses incurred for full year 2016.

Through a gap analysis the significance of the problems was identified. Thereafter, with cause and effect analysis technique the root causes of the problems were listed. Then the problems was referred through a theoretical background in order to obtain deeper insights. Alongside, techniques used in solving similar problems in the past were learnt. Accordingly, objectives were derived in the aspects of inventory optimization, product landed cost reduction and operating cost optimization. With these basis four project components were articulated. Such as; current situation analysis, improving inventory management, procurement management and working capital management.

On inventory management focused on inventory reduction and achieving higher forecast accuracy and optimum safety stocks levels through upgraded techniques of demand planning and supply planning along with proper KPI measuring methods. Product landed cost optimization addressed through procurement negotiations with all suppliers and service providers using the value chain analysis to derive at the maximum savings to reduce the duty paid landed cost. Moreover as a part of supplier and service provider negotiations payment terms too were negotiated to increased days payable outstanding (DPO) to improve other financial KPIs such as cash conversion cycle (CCC) and working capital intensity.

Techniques used during the process of executing the project were; Cause and effect analysis, Gantt chart and value chain analysis. Finally a completion 100% of the main project objective was achieved by 31 December 2017. The project team were able to improve their conceptual, interpersonal and technical skills through gaining broad practical knowledge on the concepts that were learnt only as theory in the MBA curriculum.