

GAINSTM Increases Benco Dental's Service Levels, Revenues, and Profits in a Down Economy

“With GAINS dynamically maintaining our customer service levels at 96% of all orders being 100% filled upon order, we were able to take the cash freed up from inventory and operating cost reductions and invest in market share capture. We grew our revenues 7% in one of the worst economic down turns the country has ever seen.”

– Paul Jackson,
Vice President of Marketing,
Benco Dental

“Customer Delight, Honesty, and a Passion for Excellence,” are the top three corporate values of this world-class distributor of dental products and supplies. It all started when Benjamin Cohen, the founder of Benco Dental, began selling dental instruments out of a 100-pound carrying case in 1924. Based in Philadelphia, PA, he traveled by train and called on dentists within walking distance of the train station at every stop along the line.

Today Benco Dental operates in 30 states, with 40 show rooms, 20,000 customers, 40 distribution centers, and 59,000 products supplied by over 150 manufacturers. To stay at the head of their game, they need more than the 100 pound carry case that launched their success.

Analogous to how leading edge 1924 technology transported Mr. Cohen to his customers, today Benco Dental utilizes leading edge technology, centered on high speed computer systems, to remain a world-class leader in customer service. They have implemented and enhanced the industry's most advanced electronic ordering system to support customer service. To ensure customers always have the products available when needed, Benco has also implemented the industry's most advanced inventory planning and optimization technology, GAINS (General Adaptive INventory Solution).

“As a distributor in a competitive market our success depends on 2 primary factors, on time delivery of product and value-added services to customers,” states Paul Jackson, Vice President of Marketing, “we have always had very high customer service levels with 94% of our orders being completely filled at time of order. The difference today with GAINS is that we have maintained those world class service levels, actually taken them to 96%, with fewer people and a lower inventory investment.”

Benco implemented GAINS in 2007 prior to the recession of 2008-2009. With GAINS' ability to dynamically model and track the behavior patterns of every item in Benco's catalog, as well as the behavior patterns of every customer, GAINS identified the beginning of the Q4 2008 economic down turn with sufficient lead time so that Benco was able to lower inventory levels in anticipation of the down turn and still maintain high service levels.

“It was clear from the GAINS forecast that our business was going to decline. GAINS was able to alert us to that fact with sufficient lead time so that we could reduce our replenishment orders and respond to demand without creating excess inventory. This forecasting ability was quite impressive given that 40% of our items are low volume and have sporadic demand,” states Benco's VP of Marketing.

Since GAINS dynamically monitors its own performance, Benco was able to document a 12% reduction in inventory investment during the first quarter of 2009. Simultaneously they documented a 7% increase in sales, with zero expediting, in the same period. It is GAINS ability to dynamically monitor and analyze every SKU at every Location (SKUL), in real-time, considering extrinsic variables, leading indicators, and comprehensive error, that produces the most plausible SKUL level forecast for the current and expected business environment. Based on that most plausible forecast, GAINS produces profit optimal inventory policies and replenishments plans which result in always hitting targeted customer service levels, with no expediting, and the greatest contribution to profit margin.

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Several of the unique optimization and inventory planning capabilities found in GAINS, that enabled Benco Dental to achieve their results, are:

1. **Dynamic Forecast Model Selection** that tests for plausibility and accuracy to provide an objective demand plan baseline and eliminate as much human bias as possible.
2. **Dynamic Analysis of Supply and Demand for every SKUL** (SKU by Location) across the enterprise that considers all error sources including the variability in supply and user variance from plan. Only through this comprehensive approach can precise Service Level attainment be achieved (most alternative approaches overshoot for most items and undershoot for some leading to excess costs). The goal is to attain exactly the cost-minimizing or profit-maximizing Service Level, not more or less.
3. **Profit-Optimized Inventory Policies** (e.g., Replenishment Order Sizing and Safety/Service Stock) calculated at the SKUL level, considering total annual cost, comprehensive error, targeted customer service levels, and all relevant dependencies and constraints.
4. **Leading Indicator, Extrinsic Variable, and Viability Analysis** to ensure forecasts and plans are not just a “look in the rear view mirror.”
5. **Real-time simulation** to support both GAINS internal scenario analysis as well as to give executives the ability to simulate scenarios for both tactical and strategic initiatives including Stocking Policy (what to stock where) and Network Flow Optimization (how best to provision it).
6. **Automated and optimized replenishment planning** that determines the profit and service level optimum source for each replenishment (parent location, primary vendor, surplus location, alternate vendor, substitute, etc.). Purchase constraints and opportunities (e.g., bulk buy discounts or rebates) are dynamically analyzed in the generation of specific orders to meet or fulfill these parameters at least total annual cost given targeted customer service levels.

To learn more how GAINS can Profit Optimize your supply chain -

Visit our website: www.GAINSystems.com, or

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