MANAGEMENT TOOL

# Why is the product unavailable—and why is there too much of it?

Zero inventory and excess inventory are opposite symptoms. But they may have the same source: the process by which the company makes inventory decisions.




## SYMPTOM ≠ CAUSE

Different consequences. Potentially the same cause.

WRONG QUESTION—

### Who is to blame?

This question leads to defensiveness, not a solution.

RIGHT QUESTION—

### Which process will create this deviation again?

This question leads to facts and a sustainable solution.

You can eliminate a specific shortage or reduce a specific excess. But if the rule, parameter, or process does not change, the problem will return—with the same SKU or another one.

**Looking for someone to blame degrades** the data. When an audit is perceived as an investigation against a person, people begin defending decisions. When the process is investigated, facts emerge.

**An audit begins not with "who made the mistake?" but with "what in the system allowed this mistake to recur?"**

PRACTICAL TOOL

# How do you move from a deviation to the root cause?

Do not stop at the first answer. Go deeper until you find the process, rule, or parameter that created the problem.

## STEP-BY-STEP APPROACH




## WHERE THE INVESTIGATION MAY LEAD

**DATA**
- forecast inaccuracy
- data delay
- master-data errors

**PARAMETERS**
- incorrect thresholds
- outdated rules
- obsolete settings

**PROCESSES**
- approval delays
- manual operations
- lack of execution control

**ORGANIZATION**
- unclear roles
- insufficient authority
- no accountability for the result

**The same symptom can have several causes.**
Verify the facts. Do not draw conclusions without data. Look for a systemic cause, not an isolated case.

KEY IDEA

**Reaching the root cause means finding what will create this deviation again if it is not changed.**

**FACTS INSTEAD OF ASSUMPTIONS. SYSTEM INSTEAD OF ISOLATED CASES.**

**NEXT** → WHO SHOULD CONDUCT THE AUDIT

PRACTICAL TOOL

# Who should conduct the audit— and what authority do they need?

An audit crosses organizational units. Knowledge of the company alone is not enough. An independent perspective alone is not enough either. Method, access, and a real mandate are required.

### INTERNAL TEAM

**Strong in:**
- context
- data
- decision history
- process knowledge

**Risk:**
- habit
- established relationships
- "we have always done it this way"

### INDEPENDENT PERSPECTIVE

**Strong in:**
- fresh perspective
- experience with similar cases
- capability to challenge established practice
- persistent "why?"

**Constraint:** without an internal mandate, recommendations may remain just recommendations.

**INDEPENDENT METHOD** + **EXECUTIVE WITH A REAL MANDATE**

### WORKING AUDIT MODEL

One helps reveal what the company has become accustomed to. The other ensures access, answers, and change.

## FIVE RIGHTS OF THE AUDIT LEAD

**1 DATA**
Obtain the necessary data without separate approval for every request.

**2 ACCESS**
Engage any organizational unit involved in the causal chain.

**3 QUESTIONS**
Return with another "why?" if the first answer is not supported by facts.

**4 DEADLINE**
Obtain a specific answer and action deadline, not "we'll look into it."

**5 ESCALATION**
Escalate a systemic cause to an executive who can change the process.

**Many people may participate in the investigation. There must be one person accountable for the change.**

Without a mandate, an audit collects observations. With a mandate, it changes the system.

# Three days to see the full picture

## Why should you not immediately quantify every cause in monetary terms?

Until the cause map is visible, the team risks arguing about methodology and data accuracy instead of understanding the system of problems.

**FIRST—THE CAUSE MAP.** PRECISE CALCULATIONS ARE THE SECOND STAGE.

**DAY 1**

### CASES

**What do we see?**

- zero inventory
- excess inventory
- abnormal charts
- manual intervention

**DAY 2**

### CAUSE MAP

**What keeps recurring?**

- recurring causes
- systemic failure points
- processes / rules / parameters

**DAY 3**

### DECISIONS

**What do we change?**

- priorities
- one accountable owner
- first action
- deadline
- result verification

**IN MY EXPERIENCE—PROVIDED THERE IS ACCESS TO THE SYSTEM AND KEY EMPLOYEES**

In most companies, an initial map can be built in two to three working days. Validation continues on new SKUs until most new cases begin to fall into the categories already identified.

**In three days, a company does not eliminate every cause. In three days, it understands exactly what must be eliminated.**

**The result of the audit is not a long report.** It is a cause map and an agreed program of changes.

Day 3 turns the analysis into an agenda: cause · change · one accountable owner · action · deadline · verification.

# Why is one audit not enough?

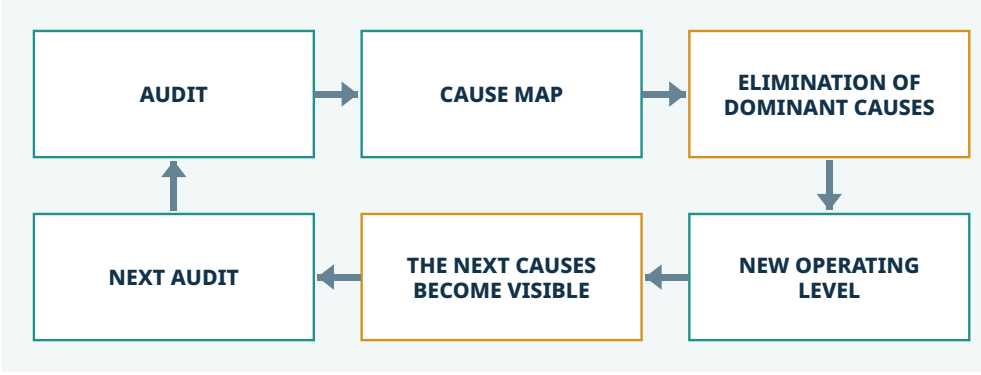
### What happens after the dominant causes are eliminated?

The company moves to a different level of operating maturity—and precisely for that reason begins to see causes that were previously hidden by larger problems.

After the agreed changes are implemented, the system does not become “error-free.” The dominant causes simply stop obscuring the others.

Part of the next level existed before but was hidden; part emerges after previous constraints are removed and the process begins to operate differently.

**NOT A ONE-TIME CHECK, BUT A CYCLE**




It is like climbing: from a new height, the next summit becomes visible.

**THE CALENDAR IS SECONDARY**

It is useful to review the full map at least once a year. But if the main changes have been implemented and the result stabilizes earlier, there is no need to wait for the calendar date—the next audit can be conducted immediately.

**Eliminating root causes does not complete improvement. It moves the company to a higher level and makes the next layer of causes visible.**