

“On the First-Quarter Supply Situation” (Featuring Mike Cost, President of Brightstar U.S.)

TWICE: What is the supply situation like coming out of the first quarter? Are manufacturers pulling back?

Tim Coakley, DBL: As with previous years, supply in the first quarter was focused on the introduction of new products and the elimination of older models. As a full-service distributor, DBL utilizes forecasting tools and procedures to ensure that we emerge with these new products and technology ahead of the competition. In addition, our team of forecast analysts and replenishment buyers ensure that we incur minimal product shortages. DBL hasn't experienced issues with receiving inventory. With our current replenishment systems and procedures in place, we do not foresee any inventory shortages going forward.

Mike Cost, Brightstar: We've seen manufacturers reduce their risk on how much they build to forecast vs. build to order. During the fourth quarter, some operators cancelled large manufacturing orders due to declining sales. As a result, some manufacturers have said they will only manufacture to fulfill guaranteed customer orders that cannot be cancelled.

In today's tough environment, understanding lead-time dynamics — and managing to them — is critical. Companies who are not managing their supply using weekly collaborative planning, forecasting and replenishment (CPFR) planning, like what Brightstar conducts with our manufacturer partners, risk significant stock-outs.

Jonathan Elster, SED: We are not expecting to see any significant or long-term product shortages.

Steve Honig, Volutone: Not bad for us. We are approaching the end of the Japanese fiscal year and many manufacturers are going through model changes that can cause delays.

We have seen pull-back from some manufacturers. Pioneer's recent decision has had the most impact on us. Brett Neiderman, Edge: We're not having much of a problem getting the products we need.

To ensure we stay ahead of the curve, however, we're working diligently to ensure we're managing our inventory levels effectively while forecasting our future needs based on current trends and economic indicators.

Ray Navarette, ArchBrook Laguna: It appears that most suppliers have reacted to the current economic conditions and have adjusted production accordingly. There are pockets of excess inventory but no major gluts of product.

John Soumbasakis, AVAD: We have had no significant challenges in maintaining adequate inventory levels. Many video vendors are in their model transition period but our current inventory coupled with product availability has kept us in an appropriate stock position.

Bill Stewart, Petra: We have worked closely with our manufacturing partners to provide frequent forecasting because we know that this helps them keep their business healthy.

The strong partnerships with these industry-leading companies allow us to maintain great inventory levels, and that enables us to maintain our 99.8 percent order fill rate.

Fred Towns, New Age: It has been challenging for consumer electronics manufacturers to manage supply coming out of the first quarter. Overall, supply has been tight after the holiday selling season which fluctuated substantially throughout Q4 '08.