MOA

Meridian Operational Analytics

Inventory Capital Exposure Review

Client

- Client Name: Industrial Distributor (Illustrative Example)
- As of Date: 2026-04-28

Executive Summary

Inventory is heavily burdened by aging stock, with 76.7% of total inventory value more than 90 days old. This indicates sustained slow turnover across a large portion of the SKU base.

Inventory exposure is driven primarily by inactive stock, with over half (52.7%) of total inventory value classified as dead stock and an additional 20.6% moving slowly. This suggests a structural misalignment between inventory levels and actual demand.

Current inventory levels also imply extended capital exposure relative to demand, with inventory value significantly exceeding recent sales activity. This level of aging and dead stock concentration represents a material risk to working capital efficiency and likely requires deliberate inventory reduction and policy adjustment.

Inventory Profile

- Total inventory value: $237,464
- SKU count: 120

Aging Exposure

Bucket	Value	SKU Count	% of Total Value
0-30	$30,549	43	12.9%
31-60	$22,301	36	9.4%
61-90	$2,559	3	1.1%
91-180	$56,902	21	24.0%
181+	$125,153	17	52.7%

Category Exposure

Category	Inventory Value	SKU Count	% of Total
Parts	$44,657	20	18.8%
Obsolete	$41,806	14	17.6%
Widgets	$36,445	21	15.3%
Misc	$33,793	18	14.2%
Components	$23,295	14	9.8%
New Products*	$22,390	8	9.4%
Accessory*	$14,352	8	6.0%
Gadgets*	$9,673	5	4.1%
Newproducts*	$6,736	3	2.8%
Accessories*	$2,161	5	0.9%

* Suspected duplicate. Conservative normalization preserves these as distinct until the client confirms whether they refer to the same category. See Data Quality Notes for details.

Showing top 10 of 11 categories. 1 additional category not shown.

Dead Stock & Slow Movers

- Dead stock value: $125,153
- Dead stock share: 52.7%
- Slow mover value: $48,917
- Slow mover share: 20.6%

Dead Stock by Category

Category	Dead Stock Value	% of Category	% of Total Dead Stock
Obsolete	$33,037	79.0%	26.4%
Parts	$20,572	46.1%	16.4%
New Products*	$19,687	87.9%	15.7%
Misc	$19,667	58.2%	15.7%
Widgets	$14,969	41.1%	12.0%

* Suspected duplicate. See Data Quality Notes for details.

Showing top 5 of 8 categories with dead stock. 3 additional categories not shown.

Capital Exposure

- Months of supply: 11.6 (COGS-based)

Key Risk Signals

- **Dead Stock — High.** Dead stock represents the majority of inventory value.
- **Aging — High.** Aging inventory beyond 90 days is a significant portion of total value.
- **Supply — High.** Inventory value is significantly elevated relative to sales activity.
- **Concentration — Low.** The top 5 SKUs account for 26.6% of total inventory value.
- **Data Quality — High.** Category taxonomy shows inconsistent classification: 17 raw category values consolidated to 11 normalized categories; 3 suspected duplicate groups remaining.

Observations

- A majority of aging inventory has already transitioned into dead stock rather than remaining in intermediate aging stages.
- Dead stock concentrates in the 'Obsolete' category, which alone accounts for 26.4% of total dead stock value.
- A meaningful share of inventory is moving slowly, indicating weak alignment between stocking levels and demand.

Diagnostic Questions

- How are slow-moving SKUs reviewed and managed?
- What purchasing policies influence order quantities?
- How frequently is inventory aging reviewed?
- What criteria are used to identify and clear dead stock?
- How is inventory capital allocation evaluated across SKU categories?
- How is SKU concentration tracked for inventory value?
- How is the category taxonomy maintained and reviewed?

Data Quality Notes

Conservative normalization consolidated 17 raw category values into 11 normalized categories. An additional 3 groups of suspected duplicates remain unresolved and warrant client review.

Category Consolidations Applied

Normalized Category	Raw Values
Components	Components, components
Misc	Misc, Misc.
Obsolete	Obsolete, obsolete
Parts	Parts, parts
Widgets	WIDGETS, Widgets, widgets

Suspected Duplicate Groups (Not Auto-Merged)

- Accessories ($2,161) / Accessory ($14,352) — singular/plural — combined $16,513
- Gadget ($2,156) / Gadgets ($9,673) — singular/plural — combined $11,829
- New Products ($22,390) / Newproducts ($6,736) — formatting difference — combined $29,126