

RETAIL STRATEGIES

July 2009

Case Study: Improving Replenishment at a Cross-Category, Highly Seasonal Retailer

by Janet Suleski

With a retail assortment that spans categories as diverse as fertilizer, apparel, and auto parts, all overlaid with multifaceted seasonality issues, **Blain's Farm & Fleet** posed a complex challenge to the software vendors it invited to participate in its 2005 selection of a demand replenishment application.

Blain's had a rudimentary min-max system in place for replenishment, one that produced workable, but far from optimal, replenishment orders. A staff member saw **JustEnough's** replenishment application at another vendor's user conference and was impressed with its ease of use. That first impression earned JustEnough an invitation to demonstrate the product's full capabilities. Although Blain's was interested in evaluating two other vendor applications, neither responded to inquires for more information.

A tale of success

After seeing the product demonstration, Blain's opted to pursue JustEnough's "try before you buy" program and handed over a subset of its data on which the vendor could demonstrate its replenishment calculations. Pleased with the results, Blain's moved ahead with a full replenishment implementation.

The implementation timeline was short. Started in August 2005, the system executed its first live replenishment orders in November 2005. By February 2006, the retailer had all 1,500 of its suppliers using the system to receive and acknowledge orders. The system is currently used by 14 inventory analysts on a daily basis and supports calculations for three million store-item combinations. Training was straightforward, with the following assessment provided by Blain's:

"If you can use Excel, you can use this application." JustEnough supports replenishment orders that flow through the distribution center as well as those drop-shipped directly to stores.

One caution: The data going into the system needs to be clean because it does exactly what it's told to do. So, poor quality or incomplete data in the system will get a retailer's business to the wrong place in a highly efficient manner.

The adoption of the new replenishment application forced Blain's to look at its replenishment function as a whole, reorganize and train the staff supporting replenishment, and zero in on certain problem products. These changes, combined with the new technology, led to quantifiable benefits that include an inventory turns increase of 25% and a 1% increase in overall in-stock service levels.

While Blain's sees an opportunity to work with JustEnough to add the ability to review data at the chain-wide level rather than at the item-store level, the company has come to rely on the replenishment functionality, referring to the application as "bulletproof." Blain's is pleased with its no-drama implementation and the benefits it creates for the entire chain as well as the customers it aims to satisfy and retain in a highly competitive environment.

Recommendations

If your company would like to take advantage of a replenishment system like JustEnough's, here are three things to keep in mind:

- Data cleanliness is important, and your software partner should be able to provide pre-implementation support, like JustEnough does, to help clean and organize your existing data.
- Business process change often accompanies technology change in replenishment projects. Replenishment improvement initiatives can have substantial ROI, but only if accompanied by the appropriate levels of reorganization and staff training.
- Many replenishment vendors have overcome a legacy of sacrificing usability in pursuit of checking various functionality boxes. Know your inventory analyst's level of comfort with complex applications, and make matching that level a priority in your vendor selection.