

Allocation Process Redesign & Organizational Enhancements

Assessing and redesigning business processes, key roles, and use of existing systems to more strategically allocate inventory, while enhancing decision-making capabilities and supporting growth objectives



The Client

A \$1.2B American big box retailer specializing in home décor, with over 50,000 unique items across broad product categories.

The Challenge

The client was experiencing rapid store growth and product assortment expansion, in conjunction with a very slow markdown cadence. Upstream processes of merchandising and planning were immature, and the company lacked logistics processes compared to industry peers. The supply chain model did not include distribution centers to hold back product, causing every order being 100% allocated to stores, resulting in extreme overstocks.

Further, the merchandise, planning and allocation teams worked in silos, with very little common knowledge of the allocation system's capabilities and heavy reliance on basic default system variables. The client's teams were further hampered by minimal training and unclear direction.

The Parker Avery Solution

The Parker Avery Group worked closely with the business to perform an evaluation of the client's existing processes, systems, and organization, and more importantly led an approach to realize "quick wins" that would support the client's future vision. The project included the following key activities:

- Performed a deep dive current state assessment and gap analysis relative to industry leading practices
- Delivered future state recommendations, including improved use of the system and a collaborative approach

- Developed and delivered allocation overview training, supported by quick reference guides
- Implemented a regular, collaborative business meeting to include merchandising, planning, and allocation resources
- Established the use of guardrails with minimum and maximum order quantities to alleviate overstocks
- Implemented a rigorous evaluation approach for exception management of top/bottom stores
- Implemented direction for a more specialized use of allocation system variables

The Result

Despite restrictions of a 100% flow-thru process, the client is making better use of inventory with more strategic allocations. The merchandising team is using consistent processes with deeper understanding of cross-company impacts. Further, the client expects enhanced decision-making that will support their robust growth objectives and reduce inventory liabilities in stores.