

## Fulfillment Optimization

*Retail fulfillment optimization through assessing system alignment and identifying opportunities to drive margin, reduce inventory costs, and improve service levels.*



### The Client

A \$2.8+ billion specialty retailer and direct marketer of hunting, fishing, camping, and related outdoor merchandise.

### The Challenge

The client struggled with lower than acceptable retail service levels and areas of chronic out-of-stocks. These challenges were driven by incorrect products being managed on the replenishment system, coupled with a flawed replenishment methodology for slow selling items and products with erratic demand.

The client first wanted to ensure all products were being managed by the appropriate system – allocation or replenishment. They also sought to identify opportunities relative to systems, processes, and business rules to significantly improve their sales and customer service levels.

### The Parker Avery Solution

The Parker Avery Group partnered with the client over a nine-week period to perform the following activities:

- Examined process, timing, tools, and roles to validate fulfillment guidelines and recommend alternative strategies
- Assessed the client's fulfillment capabilities against industry practices and identified specific areas of challenges
- Outlined improvement initiatives to address the challenges identified by the gap assessment
- Prioritized the improvement initiatives according to impact and complexity and develop an implementation roadmap
- Developed the business case and ROI associated with each initiative

### The Result

As a result of the project and roadmap, the client anticipated EBITDA improvements of \$25-\$30 million attributed to increased margin from recovery of lost sales, reduced inventory carrying costs, and reduced supply chain costs. Within the first 3 months, the client reduced inventory levels by \$3 million while maintaining its service level objectives.