

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.