

Client Challenge

This client is a \$1.2B American big box retailer specializing in home décor with over 50,000 unique items across broad product categories. The retailer was experiencing rapid store growth and product assortment expansion, in conjunction with a slow markdown cadence. Upstream merchandising and planning processes were immature, and the company's logistics were subpar to industry peers. The supply chain model did not include distribution centers to hold back products, causing every order to be 100% allocated to stores. This environment resulted in extreme overstocks. Further, the merchandise, planning, and allocation teams worked in silos, with little common knowledge of the allocation system's capabilities and heavy reliance on basic default system variables. The retailer's teams were further hampered by minimal training and unclear direction.

Parker Avery Solution

The Parker Avery Group worked closely with the retailer to evaluate its existing allocation processes, systems, and organization. More importantly, the team recommended a new allocation process and changes to the organization, including several '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 against leading practices
- Delivered future-state recommendations focused on a collaborative new allocation process and improved use of the existing allocation system
- Developed and delivered allocation training, supported by quick reference guides
- Implemented a regular, collaborative business meeting to include merchandising, planning, and allocation of 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
- Provided direction for a more specialized use of allocation system variables

RESULTS



NEW ALLOCATION
PROCESSES
DEPLOYED



INVENTORY
EFFICIENCY
IMPROVED



GROWTH
OBJECTIVES
SUPPORTED

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