

# Retail Store Inventory Assessment Exposes \$65 Per Square Foot in Hidden Profit

## Client Challenge

A \$14 billion specialty retailer, operating over 800 stores across multiple banners, brands, and formats, needed to implement a new inventory management system specifically designed for softlines. This initiative was part of a broader store operations transformation effort. As the project unfolded, it became clear that a thorough assessment of the retailer's current store inventory activities was necessary. The store inventory assessment objectives were twofold:

1. Identify potential inventory management areas for improvement
2. Pinpoint existing business processes that might hinder the successful adoption of the new system and the realization of transformation benefits.

## Parker Avery Solution

Parker Avery assessed the retailer's inventory management systems and processes to identify high-value opportunities related to in-store handling and merchandising of products. The approach included:

- Review organizational structure, roles, and standards
- Participate in system configuration and design workshops
- Lead stakeholder interviews
- Conduct store visits for all store formats in multiple districts and states
- Gap current processes against best practices
- Document system configurations and exceptions
- Define a business case and deployment plan to support the improvement opportunities

- Identify multiple improvement opportunities across truck processing, back-of-house (BOH) management, sales floor procedures, replenishment/restocking, price changes, and store transfers

Parker Avery recommended ten action items with prioritized tactical plans for the near term and to drive a successful inventory system rollout. High-priority items included:

- Develop SOPs for shipment exceptions, carton processing, item ticketing, and inventory counts
- Establish replenishment procedures for basics/never-outs
- Implement a formal store-to-corporate communication channel
- Cross-train store associates to improve process execution and merchandise knowledge

## RESULTS



MARGIN DOLLARS  
PER SQUARE FOOT  
INCREASED



STORE SALES AND  
EFFICIENCIES  
IMPROVED



INVENTORY  
TURNS  
IMPROVED

As a result of the store inventory assessment project, the retailer expects to achieve an average increase of \$65 margin dollars per square foot in the softlines business along with the following benefits:

- Sales improvement
- Markdown reduction
- Improved inventory turn
- More efficient BOH organization
- Replenishment efficiencies