Planning - Supply Chain and Omnichannel Case Study

Improving planning and process efficiency in the supply chain and at the same time enhance customer experience XStore POS

April - 2018

1. OUR ORGANIZATION
2. COVERAGE IN LATAM
3. CHALLENGES: THREE VISIONS OF THE PROJECT
4. LET´S DO IT
    - PARTNERS
    - GOVERNANCE STRUCTURE & INTERNAT TEAM FOR SUCECESS
    - GANTT CHART

5. TARGET
6. RESULTS (Projects finished) & TARGET (Projects in progress)
7. LEARNING

134 YEARS OF EXPERIENCE

70 COUNTRIES

23 BATA-OWNED MANUFACTURING

5.300 STORE

Few things define a lifestyle the way shoes do. We are among the very best in the world at making them. That's why **1 million** plus people choose to buy Bata every day

2. COVERAGE IN LATAM

6 COUNTRIES

10 WAREHOUSE

3 BATA-OWNED MANUFACTURING

980 STORE

3. CHALLENGES: THREE VISIONS OF THE PROJECT

DIGITAL AGE & MILLENNIALS

- Targeted Marketing & CRM
- Social Networks
- E-commerce

CUSTOMER EXPERIENCE - DIFFERENTIATION

IN – STORE CUSTOMER EXPERIENCE

- Merchandising
- POS Experience

- DIGITAL TRANSFORMATION & OMNICANALITY

- PLANNING & SUPPLY CHAIN
- WORLD CLASS TECHNOLOGIES AND PROCESSES

3. CHALLENGES: PLANNING & SUPPLY CHAIN

- Need of development of Merchandise Financial Plans, by-store Plans and OTB, robust solutions to analyze Goals for Sales, Margin, Inventory, recommend the precise inventory strategy to optimize results

MFP

- Need of a solution to enable more strategic and effective push allocation Need of a solution to automatically do constrained supply allocation when the dependent demand from the stores is more than the DC has on-hand

NPF ASC APX

- Operation highly headcount dependable, inflexible WMS, low visibility, reduced inventory control functionalities

WMS WCS

- Improves productivity, management of stratified and non-stratified promotions in real time and empowers stores with Omnichannel sales capabilities

XSTORE CE OB

3. CHALLENGES: WORLD CLASS TECHNOLOGIES AND PROCESSES

Bata
Iqbal Shoe Company

Administrative Processes

Merchandise Operations Managemnet – MOM

- Article Creation / Supplier Creation/ Store Creation

Retail Merchandising System - RMS

- Purchase Order

Retail Sales Audit – ReSA

- Ensures consistency in sales information

- Manages the import process

Retail Trade Management – RTM

- Incoterms Reconciliation of estimated and real costs

Retail Invoice Maching – ReIM

- Verify the invoices of the suppliers against the receipts of the merchandise

Retail Price Management – RPM

- Execute the regular price, promotional and discount

Store Inventory Management - SIM

Business Solutions

Oracle Retail Predictive Applications Server - RPAS

Merchandise Financial Planning

Manages the variance account

APX has to validate against OTB budget

New Product Forecast - NPF

Buy – Replenishment
(Forecast 1 to 16 week In-season)

Buy / Allocation / Replenishment – APX
Automatic Size Curve - ASC

Assorment Planning - AP

Structure of the collection – buy
(> 16 Week – Preseason)

POS

- Xoffice - Xstore
- Order Broker
- Customer Engineer

Warehouse Management System – WMS & WCS

4. LET´S DO IT (PARTNERS, GOVERNANCE STRUCTURE & INTERNAL TEAM FOR SUCECESS, GANTT CHART)

Bata
Iqbal Shoe Company

ORACLE
RETAIL

RETAILCONSULT

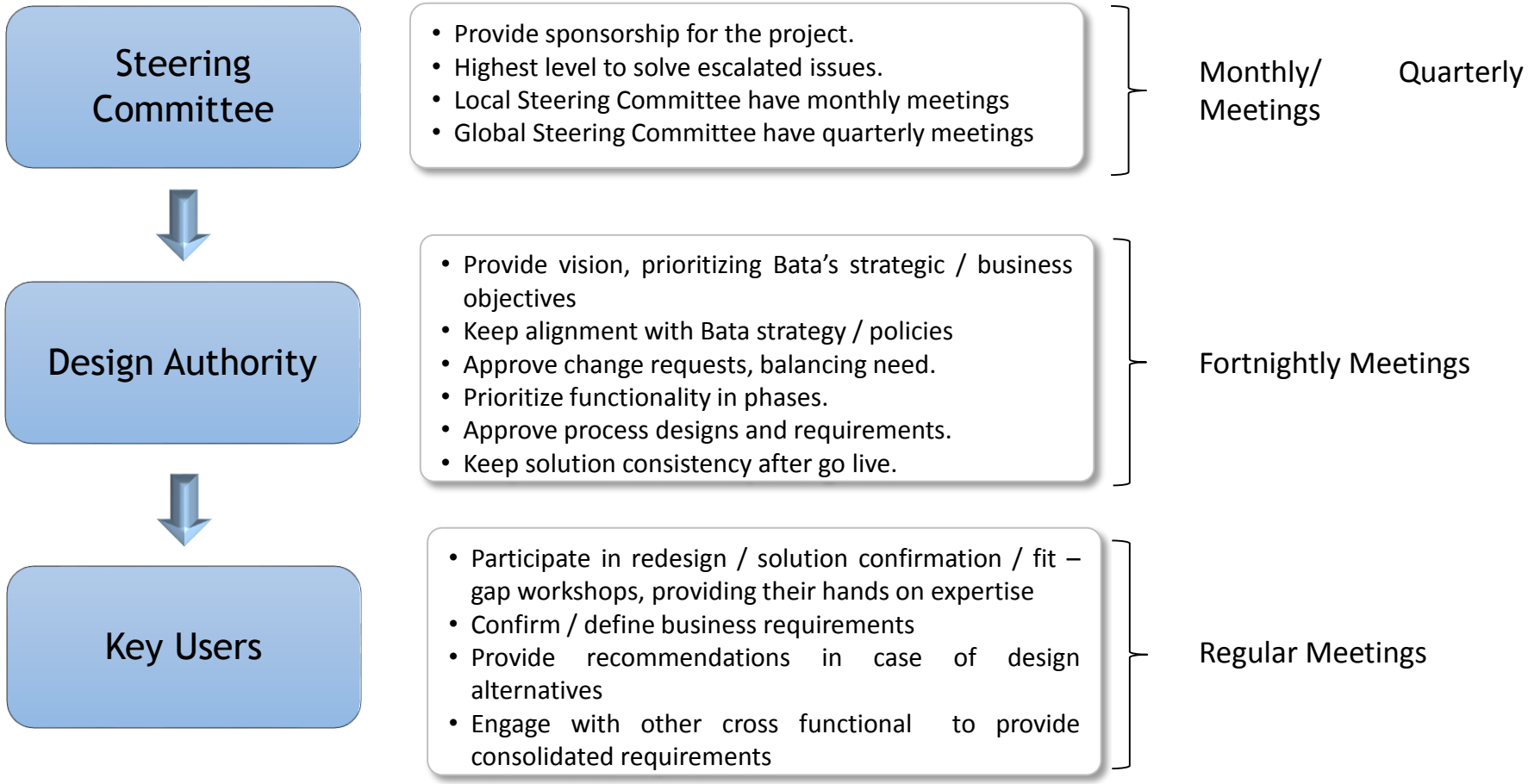
VELTIO
Veltio Means Better.

rackspace
the #1 managed cloud company

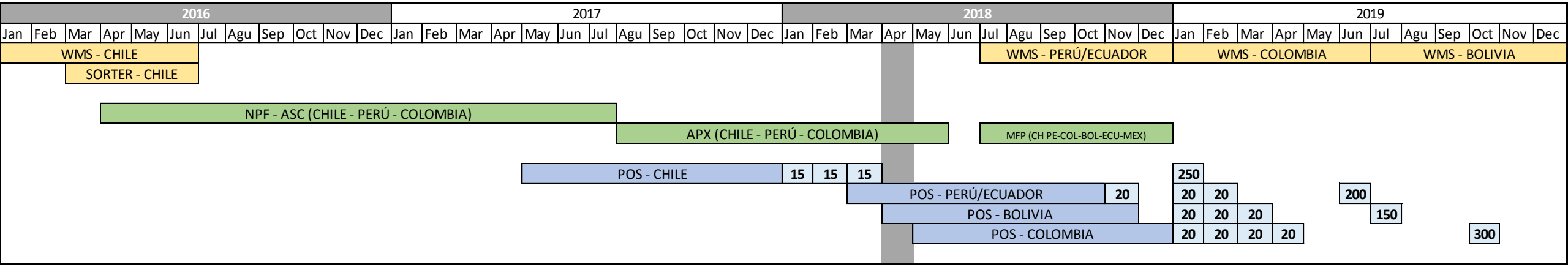
surprice

VANDERLANDE

Putting in place a strong governance model guarantees input from all entities in scope, while keeping adherence to global best practices , to assure future scalability for the solution



4. LET´S DO IT (PARTNERS, GOVERNANCE STRUCTURE & INTERNAL TEAM FOR SUCECESS, GANTT CHART)



- WMS in line with the plan
- NPF / ASX / APX Initial Plan was to finish in Jun-2018
- POS Initial Plan is to finish in Jun-2019

Bata
Iqbal Shoe Company

Métrica	Benchmark Industry	Brooks Brothers	DSW	Famous Footwear	Fred Meyer	Philips Van Heusen	Shoppers Stop	Talbots	KappAhl	Job Lot
Customer Fill rates	20% a 30%	↑		↑		↑		↑		
Overstock	-30% a -60%	-42%				-50%	↓		-35%	
Service Level	10% a 20%	10%	6%	↑		↑		↑		
Gross Marging	0.5% a 3%		1.1%		↑	↑		↑		↑
Annual Revenue	2% a 8%	↑	2%	2.5%	↑	↑	12%	5%	↑	↑
Store Stock Outs	-15% a -50%	↓	↓			↓		↓		
Inventory Turn	30% a 60%	↑			↑		↑	↑		
Week Of Supply	↓	- 20%		↓		↓		↓		
Markdowns	↓	- 15%		- 12%	↓	↓		- 12%	↓	↓
In-Stock	↑	↑			5%	8.8%		↑		
Time To Allocate	↓	-85%		-90%		-91%		-90%	↓	
Transfers	↓		- 20%	↓		- 28%	↓			
Allocation Acuracy	↑	↑		↑		↑		↑	↑	

In some cases no specific figure and in other cases is only the change from baseline.

6. RESULTS (Projects finished) & TARGET (Projects in progress)

- WMS & WCS Sorter (Finished)

Concept	Driver	KPI	Goal	Impact
Reduce logistics cost with a more efficient and reliable operation	Logistics operational processes efficiency	**HEADCOUNT REDUCTION** Lines / carton / units per hour according the operational process	120 to 80 persons	XX mUSD
Maximize sales improving in store availability	DC service level according replenishment frequency	**SERVICE LEVEL** in stores, measured as the % of availability in stores per size-store during full price season	Best sellers sizes 90% Slow movers sizes 80%	X% in revenue

- Planning – Supply Chain (In progress)
  - Increases sales and margin
  - Sales increase by Mark Down reduction
  - Ensures timely and consistent inflow of new and basic/continuous products
  - Improves Buyers ability to take advantage of valuable selling opportunities
  - Minimizes inventory holding costs and store transfers
  - Supports Buyer effort to clear old inventory and reduces total number of markdowns

- Planning – Supply Chain (In progress)

Concept	Driver	KPI	Goal	Impact
Increase the inventory turns raising the % of singles shipments	Replenishment of best sellers sizes in packs and slow movers sizes in singles	**WEEKS OF INVENTORY**	Reduced 2 weeks of Inventory	XX mUSD
Reduce markdown improving the replenishment process	Purchasing process aligned with prepack/singles statistical analysis based.	**CURVE ACCURACY,** measured as the % of accuracy of the articles curve sold	Improve MADP error by 30% to 2016	XX% markdown reduction

- XSTORE – CUSTOMER ENGAGEMENT – ORDER BROKER (In progress)
  - Same services available globally, consistent customer experience
  - Reduced from 5 different POS Solutions to 1
  - Lower training efforts
  - On Line and real time integration with ERP

- XSTORE – CUSTOMER ENGAGEMENT – ORDER BROKER (In progress)

  - Merchandise Functionality
    - Inventory bucket
    - Product Images
    - Quickly identify suspicious trends, transactions, and other data (stock, price, ect)

  - Reduce shrinkage through built-in controls and return management

- XSTORE – CUSTOMER ENGAGEMENT – ORDER BROKER (In progress)
  - In-store clienteling, loyalty initiatives, and promotions
  - Electronic Gift Cards (Connected on line – fraud protection)
  - Distributed order-broker and drop-ship solution provides the real-time inventory information necessary to complete transactions on demand using alternative fulfillment methods.

Tipo de Orden	Creación de Pedido	Picking	Retiro	Shipping
1. Delivery	Ta/e-commerce	Tb/CD	✗	✓
2. Pickup	Ta/e-commerce	Tb	Tb	✗
3. Retail Pickup	Ta	Tb/CD	Ta	✓
4. Ship to Store	e-commerce	Tb/CD	Ta	✓

- Have a detailed survey of the GAP between the current functionalities of the In-house system and the new application
- Change management must be carried out at the beginning of the project
- Training must be provided to the leaders and it is they who train the users (not the implementer)
- Emergencies must be declare as soon as possible
- Level executives as sponsors and owning each project