IMPLEMENTATION OF AUTOMATIC ORDER PLACING AND STOCK MANAGEMENT SYSTEM

CG «ESSEN»

Client

ESSEN – is one of the biggest retail chains in the Republic of Tatarstan and the republics nearby.
Corporate Group comprises:

- **“Optovik” LLC** - hypermarkets, supermarkets (32 stores);
- **“TH Camilla” LLC** – convenience stores (63 stores);
- **“Essen Logistics”** – distribution centre.

In 11 months at DC TURNOVER

GROWTH 24%

INCREASED

18% Convenience store turnover

Promo items in stores and DC are processed with the system

Industry

Retail trade.

Objectives

- Order centralization;
- Goods surplus reduction;
- Company’s turnover indicators improvement ;
- Staff optimization at locations.

Software solution

Stock-M

BACKGROUND

- All orders in chain were placed by stores on locations that generated a certain number of problems:
- Managers on places don't see a situation on a chain comprehensively;
- Managers in stores are usually too cautious or forget to order items that leads to appearance of goods surplus or deficit;
- Deliberate and not deliberate abuses are possible since managers on places can contact with suppliers;
- It is difficult to control errors in stock management due to the lack of one stock management system.

KEY METHODS

Theory of Constraints, TOC – business management methodology, which became the result of business principles and laws of physics and synergy. Suggests ready solutions for tasks in supply chain management, production, projects, sales and marketing, strategic management, etc.

Dynamic Buffer Management – TOC tool allowing to manage stocks on the enterprise effectively, being guided by the actual consumer demand.

PROJECT IN PROGRESS

- ✓ There was created the Merchandising department and ordering processes were restructured. After suppliers had been connected to the system, order function was passed from store managers to merchandising department specialists.
- ✓ Target stock levels on each storage point on each SKU were calculated according to the actual goods consumption.
- ✓ The possibility of stock status control is adjusted.
- ✓ Under the centralized management system there are about 70% of all assortment (category NEAR FOOD, DRY, BABY).
- ✓ Having taken information based on indicators dynamics, the company has developed KPI system with a link to motivation for employees working with stocks.
- ✓ All orders from stores to the central warehouse are sent automatically every day, the system also automatically forms and sends out orders to 86 suppliers.
- ✓ Data are updated in real time that allows to trace stock condition quickly.

RESULTS

1. In **11 months** the average warehouse turnover improved:
   - Hypermarkets and supermarkets by **5%**
   - Convenience stores by **18%**
   - DC by **24%**
2. Store functionality was redeployed (actual staff reduction didn't happen):
   - Convenience store managers began to spend more time in the hall, work with remains.
   - In hypermarkets and supermarkets inventory managers were involved instead of section directors.
3. Promo items in stores and distribution centers are processed with the system.

CASE STUDY

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