



CASE STUDY

Supply chain management on TOC

BARVINOK – chain of supermarkets

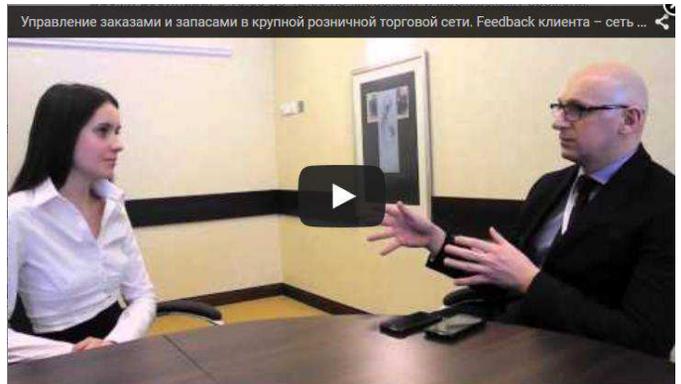
Business retail



BARVINOK
з нами економіти легко

FACTS

- ✓ Lost sales reduced **by 7%** ;
- ✓ Average stocks lowered **by 20%**;
- ✓ The staff, which was involved in the order placing process, was reduced **7fold**.



Barvinok is a big regional retail chain. Currently, the chain accounts 54 supermarkets, 1450 employees and works with 450 suppliers,. Every year the chain provides service for more than 20 million customers.

«Every member of supply chain should understand the implementation benefits. I was surprised how good the stores reacted to innovation. On one of the quarterly meetings people even applauded to us in acknowledgement of the system implementation»

Konrad Pyzh,
Chief financial Executive of
Retail chain «Barvinok»

BACKGROUND

"Barvinok" had a decentralized ordering system : orders were placed in each shop that didn't allow to operate stocks and orders proficiently. There were difficulties with data receiving.

Problems:

- Low goods turnover.
- High out-of-stock level, lost sales and client loss risk
- Absence of information about deliveries reliability and short delivery reasons .

SOLUTION

TOP MANAGEMENT arrived at a decision to optimize goods ordering processes and to implement stock and order management system Inventory. The project started in 2013 and comprised **3 stages**.

1. Order management centralization

At the central office there was created an order department, which provides with goods all the chain. Owing to such change instead of 40 workers who were involved in order placing process, currently, the order for all the chain is formed in the system and is operated by 3 experts controlling the accuracy of system performance.

2. Automatization

35000 SKU are connected to the system, each good has the stock buffer calculated, which is dynamically changing in accordance with the change of demand for goods. Stock management is based on the principle of "pulling" that allows to have demanded goods available.

3. Methodological and technical support

Consultations are held, during which stock management indicators in a chain are discussed (turnover, the level of lost sales etc.), recommendations about improvement of indicators and advices on work with problem items are given.

RESULTS

- Lost sales reduction by **7%**;
- Average stocks are lowered by **20%**;
- The number of employees involved in the process of order placing reduced **by 7 times**. Three employees execute the orders.
- The reporting on suppliers reliability was introduced: who is late; who doesn't carry out orders; where is a problem with goods quality;
- Significant improvement in information availability and transparency;
- Stock management KPIs are constantly monitored.