



# Improving Sales, Margin and Stock Turns

## Vikrant Pal





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Associated with Infiniti Retail Ltd for the past 6.5 yrs .

Managed and performed roles in operations as western region head, in IT as internal business consultant for various processes of store, buying, merchandising and warehousing.

For the past two years leading the business improvement for Croma with GC initiative being the foremost.

Prior to Croma have a retail operations experience with SSL for 6.5 yrs.



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Reduce Profits



Lost sales

Expedite, cross-shipment costs increase

Limited Range

Slow movers surpluses diminish sales of fast movers

Jeopardize sales of new products

High level of obsolescence

Increased Inventory handling cost

Markdowns

Shortages

Limited Cash / Space

Surplus inventories

Sometimes demand exceeds the forecast

Sometimes demand is lower than the forecast

Response time is long



Demand cannot be accurately predicted



# The Core Challenge

The key concerns existing in our environment -



## PROTECT SALES



- ☑ Ensuring availability of products portfolio



- ☑ Growing & changing

**INCREASE STOCK LEVELS**  
(variety and coverage)

## CONTROL COST



- ☑ Manage cash

- ☑ Limit waste

(Obsolescence;



Mark downs; Space)

**LIMIT STOCK LEVELS**  
(variety and coverage)





## Solution- Stage 1

- GC suggested moving to a **“pull”** distribution model which would buy stocks everyday based on what customers bought yesterday.
  - The percentage of the stock at the store **which is relevant to the customers demand (effective stock)** will grow resulting in more sales on same or lesser stock investment
  - Buying stock which is mostly **‘Effective Stock’ reduces the erosion of margin** (less markdown for liquidation and write-off)



## How to implement?

- After carefully analyzing the IT and logistic impact it was decided:
  - To aggressively move for full “Pull” implementation at ALL stores within 5 weeks
  - To focus management attention on top sellers availability in order to fully capitalize from the solution



## Challenges in implementation

- Inconsistent supply from suppliers
- Very less control on what stock is introduced in the chain
- Benefit will be much higher if done before the festival season( added pressure to do it right the first time)
- Defining the correct buffer to our environment (50% buffer=1)
- Changing the way people think about margin and stock
- Manual allocation
- IT challenges

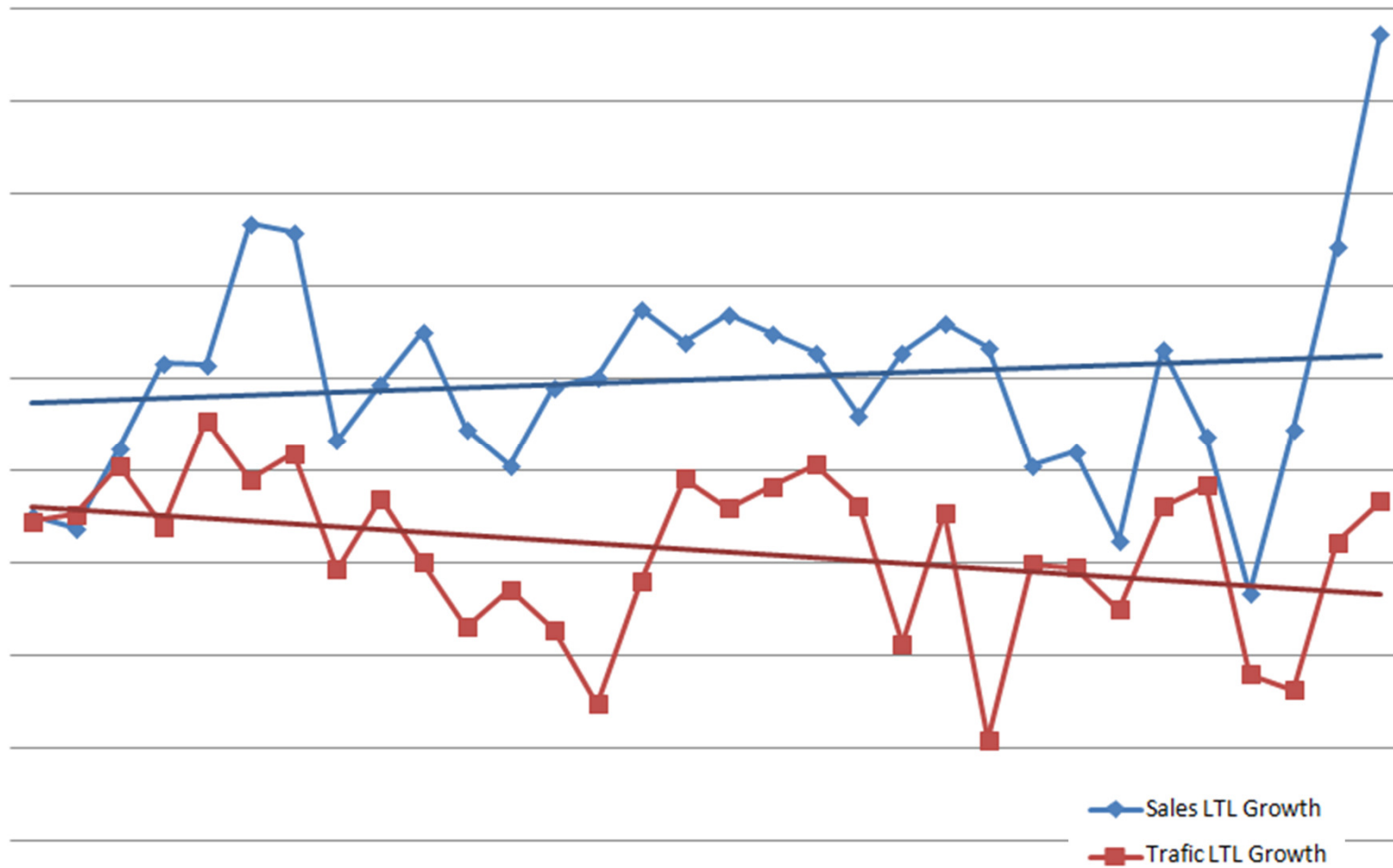


## First results after 3 months

- **The company Inventory Cash Flow started to significantly improve after 10 weeks**
- **After 3 month, stores LTL sales was showing consistent significant improvement**
  - **80% growth in last 12 months**
- **Stock position was stabilized, and started to go down**
  - **Turns improved by 30%**



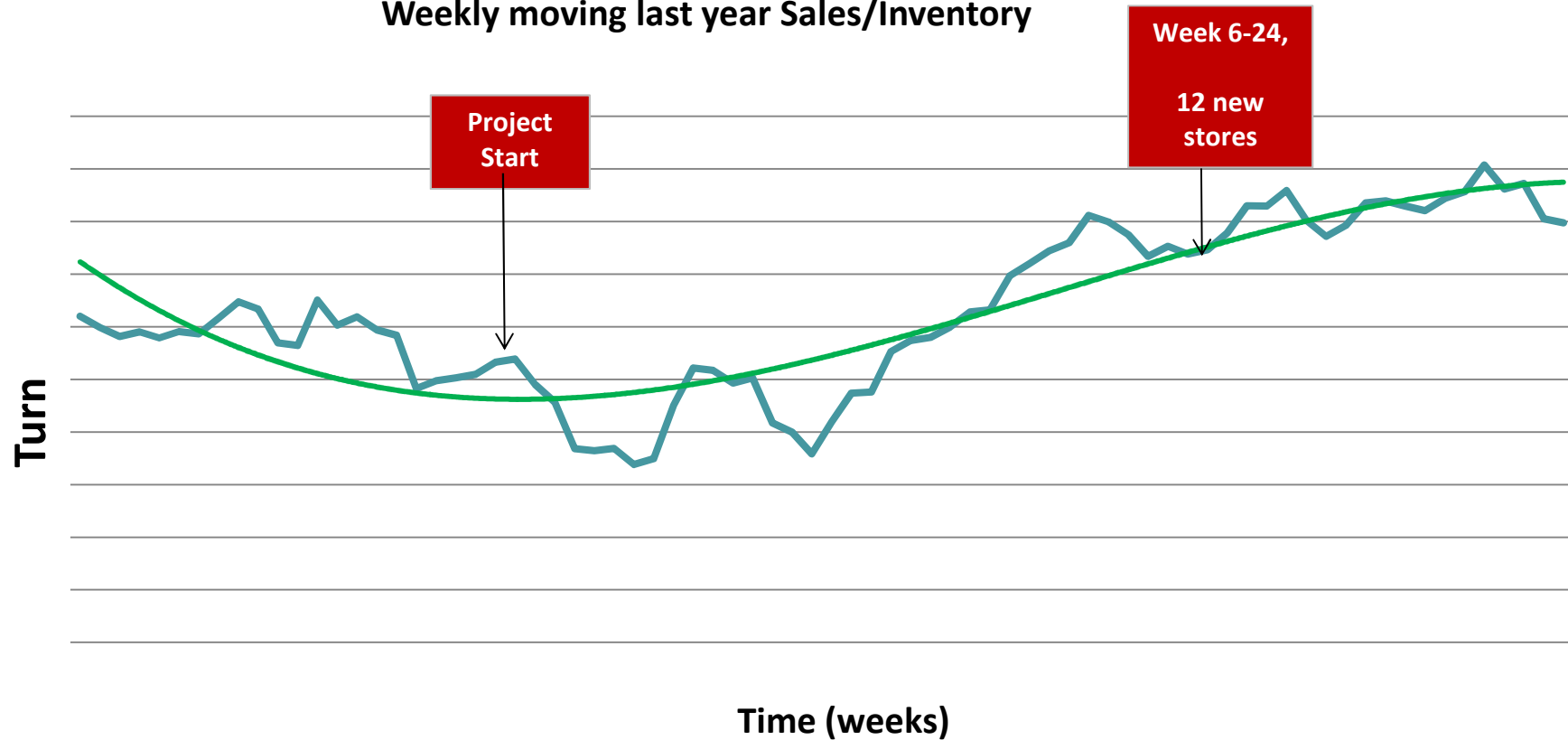
# Stores LTL Growth & Traffic

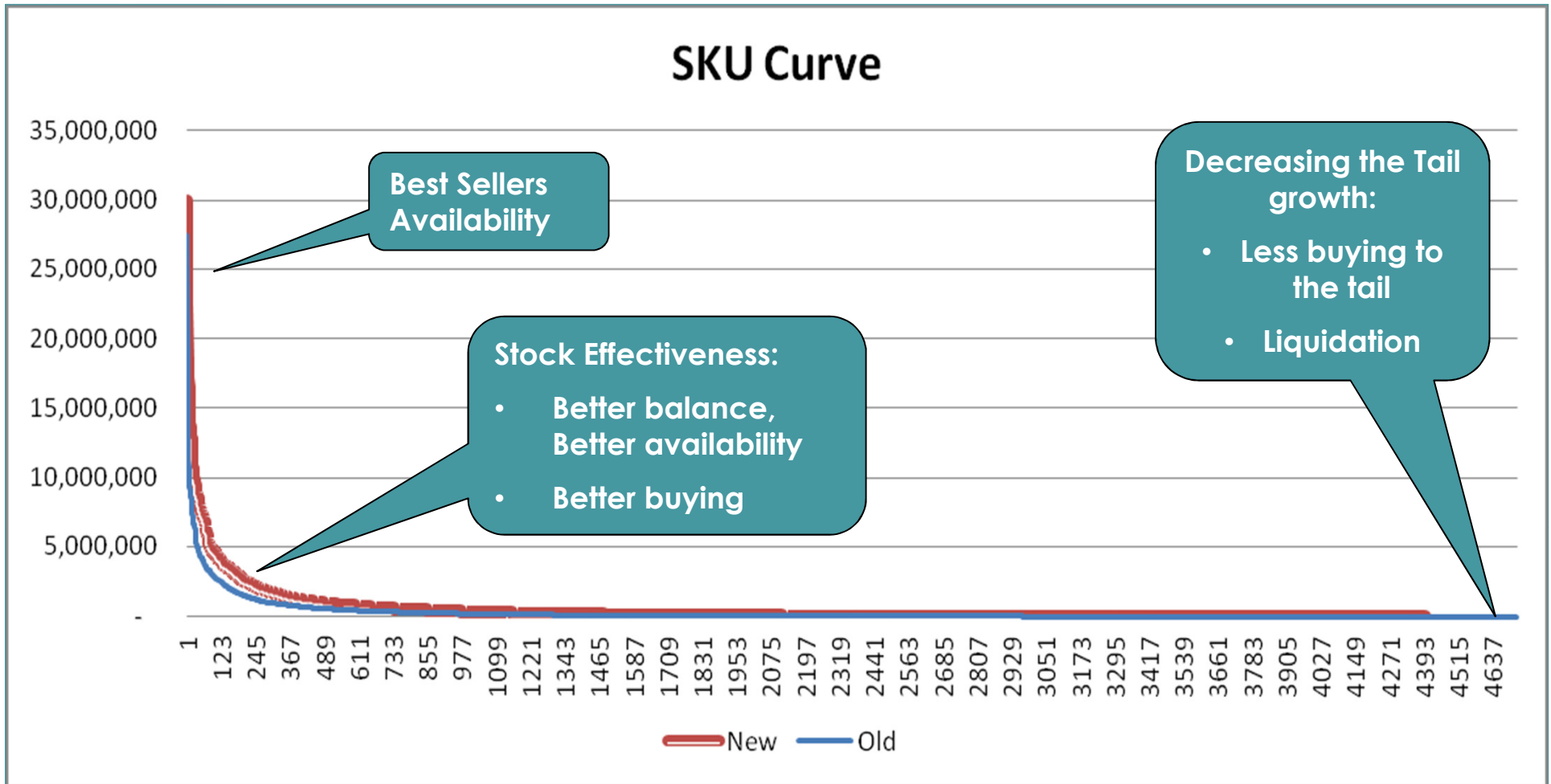




# Inventory turns

Weekly moving last year Sales/Inventory







## Next steps- Stage 2

- Expanding the solution to warehouse and suppliers  
Exploiting the benefit of aggregation and frequent replenishment to lower the inventory in the entire supply chain
- New product introduction  
Create a data based approach for ranging of new products in the store
- End of life process



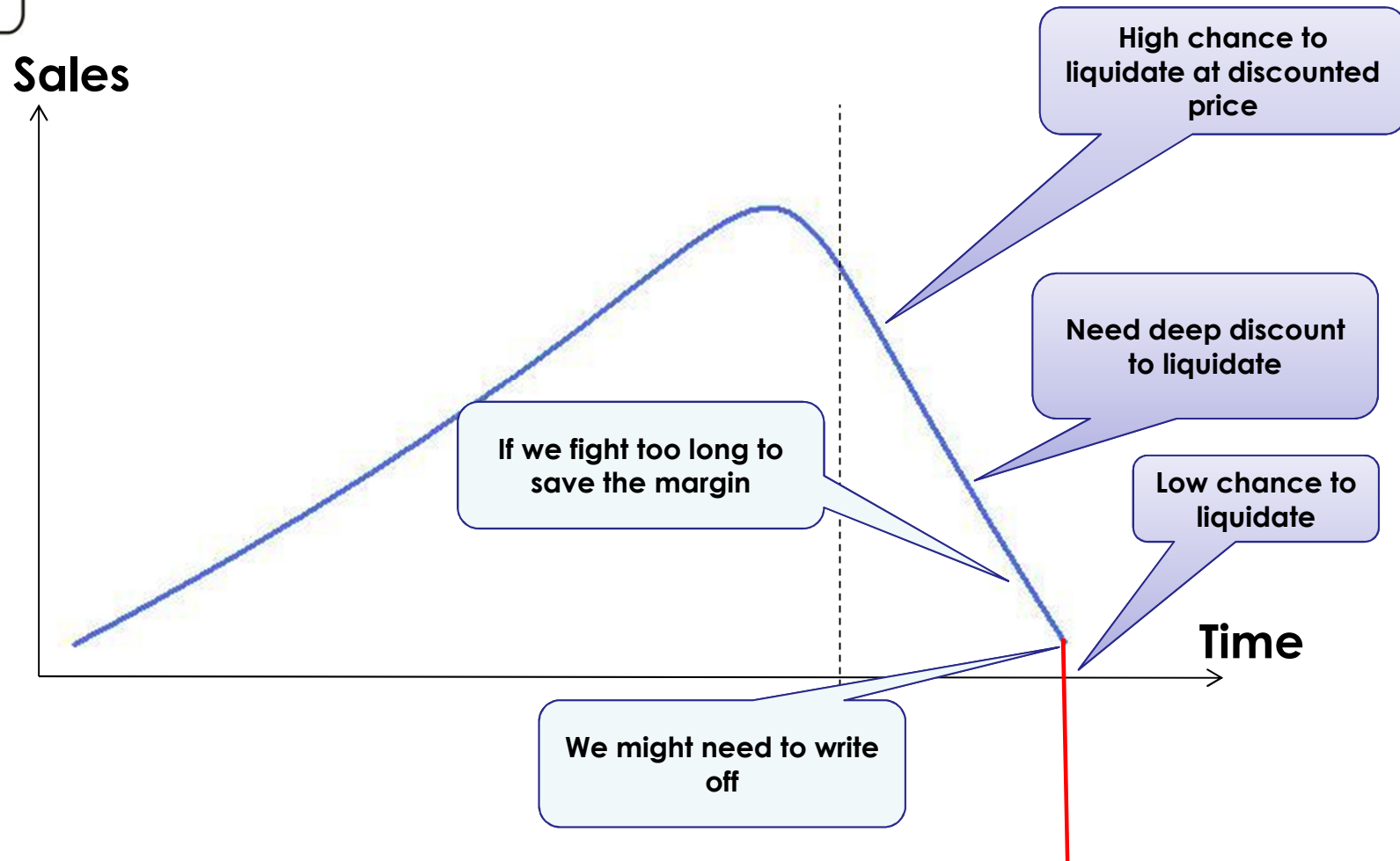
## New Product Introduction

The high cost of the display, together with fast technology changes, represent low returns on NPI

- We implemented Fast Pilot process that enable to systematically decide which product to range, in which stores
- POC was completed, showing 100% better turns on NPI
- Expansion is underway to increase it to main categories



# When to Liquidate?





## **Product End of Life Process**

- **Implementation of an EOL process that will systematically recognize the performance of the product and enforce the needed actions;**
  - **Price adjustment ( Save the product and margin)**
  - **Stop replenishment( Limit the exposure)**
  - **Price drop( Liquidate within a time period)**
  - **Removing from the range (Protect display space and refresh)**

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## Fifth International TOCPA Conference

6-7 April, 2013, Pune, India



# Thank you