



Case Study

Vendor managed inventory for a U.S. department chain store

SITUATION

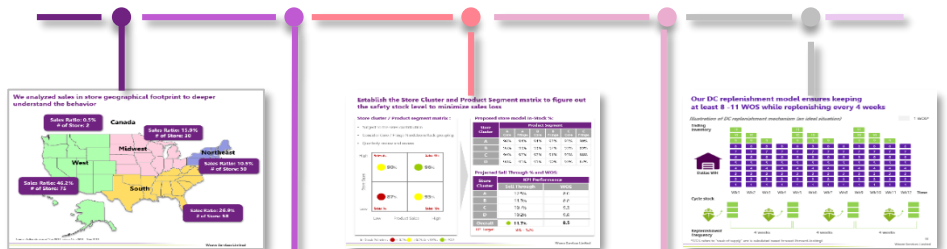
- A >USD 14B American chain of department stores headquartered in US
- Operates in over 300 stores in the Northern America
- The company would like to run VMI program with factory in South America to improve sell through, in-stock rate and lead time

PROBLEM STATEMENT

- Customer decided to change from an Asia based vendor to South America with **limited experience in running Store VMI programs**
- **Sell through and in-stock%** needed to be maintained at least 8-12% and >90% respectively
- Material is sourced from China and **longer lead time** lead to a larger commitment of stock in factory and warehouse

SOLUTIONS DESIGN

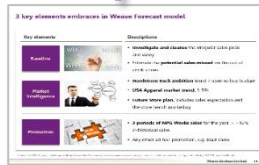
Integrated business planning replenishment model



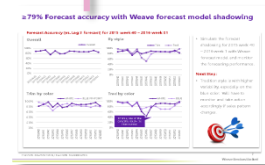
Develop **product sales analysis** by season, geographies and store types

Establish store/product matrix to and **set dynamic safety stock** for the store model

Create intake plans for warehouse based on agreed **WOS**



Incorporate 3 key elements into **forecasting model**: baseline, market intelligence and promotion



Assess sell through and in-stock rate performance via **shadowing**

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IMPACTS TO CLIENT

- Improved service level
- Increased inventory commitment

Avg forecast accuracy 85.3% ➔ 85.9%

Sell through ca 10.2% ➔ 10.8%

In-stock ca 90% ➔ 91.2%