

Win The Replenishment Footrace

▲ Better store replenishment software contributed to 15% business growth at Town Shoes.

by Matt Pillar

Town Shoes' (Toronto) merchandise management system was cramping the company's growth spurt like a tight shoe. Back in the mid-1990s, the 14-store high-end footwear retailer limited its geographical presence to the metropolitan Toronto area. It had thrived in this market since 1952 with no convincing cause to extend its reach. But when it recognized that family-oriented shoe retailers in the United States were trending up, company executives decided to pursue the same kind of success in Canada. In 1994, Town Shoes converted a handful of its clearance centers into family shoe stores and dubbed them The Shoe Company. The division has grown to 53 stores today, representing 80% of the company's business.

While The Shoe Company's growth has been a boon to Town Shoes' business, it didn't come easily. Rapid additions resulted in stores flung far and wide – in some cases thousands of miles from Toronto. As the number of stores and their distance from the company's DC increased, Town Shoes' old approach to merchandising exposed its inadequacies.

"We were focused on being a regional company, and as a result of that we didn't have the infrastructure in place to deal with allocating and distributing shoes to stores across

Installation Profile

Technology User: Town Shoes is a Toronto-based high-end shoe retailer. The company operates 14 upscale shoe stores in the metropolitan Toronto area and 53 family-oriented footwear stores called The Shoe Company throughout Canada.

Problem: When the tightly regional company went nationwide, replenishment of distant stores became a cumbersome, expensive, and inefficient ordeal. Because its replenishment software took four hours to complete a model, merchandise had to be rushed to stores in an expensive manner or it simply would not arrive in time.

Solution: It took a replenishment system upgrade to buy the retailer the time it needed to pick and ship replenishment orders more efficiently. Jesta I.S.' (Verdun, Quebec) merchandise management software enabled the company to reduce its replenishment cycling time to mere minutes, buying precious time to pick and pack merchandise for more efficient distribution to stores.



Automated replenishment keeps distant stores stocked.

the country," explains Town Shoes' CFO Peter Gerhardt. When all of its 14 stores were located in the immediate Toronto area, replenishment needs were as simple as bringing inventory into the DC, bulk shipping it to stores, indexing shoes in store stockrooms, and transferring them among locations as deemed necessary. "We could transfer merchandise to and between stores on a daily basis because trucks were constantly traveling between stores all day, every day," Gerhardt says. "It might not have been the most efficient way to run the business, but we made it work." Efficient or not, the approach is obviously no longer an option for the expanded enterprise. "If you're in Halifax and you need a pair of shoes that are in Vancouver it's cost- and time-prohibitive to move it across the country by truck on an ad hoc basis," he says.

Evolution Of Merchandise Distribution

In the mid-'90s, the company began using RAMS (Retail Automated Merchandising Systems) software from Richter Systems to keep track of inventory in its stores and 40,000-foot DC. With the new system in place, the company conducted an initial distribution to stores and then created replenishment models (a snapshot of the standard SKU-level distribution of projected sales by store) in an effort to cut down on the number of transfers it was doing. "We set the system up on an HP UNIX box and it pretty much ran itself," explains Gerhardt. But by 2002, the RAMS product became part of the Jesta I.S. (Verdun, Quebec) Vision Suite. The product's evolution benefited Town Shoes.

Before the Jesta I.S. Vision Suite evolved into its current state, it took Town Shoes up to four hours just to run replenishment. "If we want to replenish stores in the West on Monday morning and ship product out by rail [the most cost-effective way for the retailer to move goods] to get them there by Friday, we have to get the merchandise to the rail yard in Toronto by 4 p.m. If it takes 3 to 4 hours to run replenishment, there's no way we could pick and pack merchandise in time to make that 4 p.m. train," he says. The alternative was to put the merchandise on a truck for shipment, which cost twice as much as rail. The time crunch has been alleviated with the latest iteration of the system, which can prepare complete replenishment models in minutes.

Gerhardt says there was previously no means in the system to define parameters for analyzing merchandise models, so the company had to hire excessive numbers of buying assistants to review and amend weekly models. This overhead has been alleviated by the reporting and analysis tools made available in the latest release from Jesta I.S. Twice-weekly replenishment is also a possibility now, which will help distribute the labor load and facilitate even timelier stocking of store shelves. "We've grown by 15% as a company since implementation without increasing headcount. This would have been impossible in our old scenario," he concludes. □

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