Guyenne & Gascogne

Synopsis:
IBM Business Consulting Services implements a retail supply chain solution to reduce out-of-stock items and to optimize warehouse inventory

Location:
Bayonne, France

Industry:
Retail

Focus Area:
Business Process Transformation, Supply Chain Management

Customer Background:
Guyenne and Gascogne is the parent company of a thriving retail chain in France that operates six Carrefour "hypermarkets" and 22 Champion supermarkets. The stores are located primarily in the southwest region of France, which is a popular vacation destination and a highly competitive area for retailers. The company, which also has two warehouses located in Pyrénées-Atlantiques and Landes, employs 1,900 people. The company's revenue for 2001 was 474.3 million euro.

Business Need:
Like many large retailers, Guyenne and Gascogne was struggling to keep products on shelves for customers while optimizing inventory levels. To restock shelves, employees had to use a portable barcode reader for tracking product volumes. To improve customer satisfaction and profits, Guyenne and Gascogne wanted a solution that would help it keep shelves stocked while optimizing inventory levels in its warehouses.

Solution:
With the help of IBM Business Consulting Services (BCS), the company decided to integrate the restocking process between its stores and warehouses using a "just-in-time" supply chain management solution. Now, when an item is sold, an automated process is initiated which helps ensure that the item will be restocked in a timely manner. During the day, a central computer tracks items sold so workers at the warehouses can pick them and deliver them at a predetermined time. With the help of the system, just 11 people can restock 27 points of sale from two warehouses. The solution also includes an advanced decision-making system that helps workers tailor the restocking process to account for changes in demand and business contingencies.

BCS implemented the solution in three phases to help ensure a smooth transition. The phases included:
- Testing - The new approach was tested on approximately one hundred products in a demonstration store to establish the simplicity and effectiveness of the solution
- Development - Computing tools were developed and the solution architecture was established
- Deployment - The system was extended to cover all Guyenne and Gascogne's points of sale and their 12,500 products.
IBM also provides periodic audits of the systems and recommends improvements to the system as applicable.

Benefits of the Solution:
Since implementing the IBM solution, Guyenne and Gascogne has realized numerous benefits, including increasing its product turnover per square meter. Key benefits include:
- A seven percent sales turnover growth rate in its grocery sector (versus two percent on average for other retailers)
- A reduction in out-of-stock products on shelves from 15 percent to two percent
- An approximately 15 percent reduction in warehouse inventory
Additionally, 11 people can now manage the reordering process for 28 stores.

Customer Quote:
"IBM Global Services helped us complete the last 100 meters of the supply chain, those between the warehouse and the store shelf. Like a footrace, the last few meters are always the hardest.

"IBM's straightforward, sensible approach to Supply Chain Management capitalized on Guyenne and Gascogne's existing IT investments. We took great pains to get effective, centralized and rational computer systems in place. Yet we hesitated to embark on automatic restocking because it seemed complex and demanding. IBM Global Services convinced us otherwise.

"The results came at a very low price since we developed some of the software ourselves and because the system is so simple that startup costs were very affordable. The professionals at IBM Global Services provided sound advice. Their understanding of the retailing business and logistics and their information Systems expertise helped our employees adopt the new system quickly. We all spoke the same language."

-- Jean Boutsoque, CEO of G&G