



Case Study: Expediting Lean Six Sigma Results With Implementation Services

A household-name consumer products retailer worked with Guidon Performance Solutions to redesign the way the company ordered some of its refrigerated products. The company's management suspected it had room to reduce the amount of money tied up in inventory, as well as the costs for carrying that inventory, which it estimated at approximately 14 percent.

As Guidon helped the client evaluate the process for ordering and stocking its refrigerated products, the team found that, on average, stores were typically overstocked by nearly three times what they needed on their best sales day for each product. Since the retailer had access to daily deliveries from suppliers, there was no reason to be so overstocked.

However, once this fix was identified—a fix that could save nearly \$14 million if rolled out across all of the retailer's 5,000 stores—there was still the challenge of implementing these changes. That's where Guidon's new Implementation Services became a valuable tool. Many clients find identifying improvements to be easier than carrying them out. However, under the skilled direction of Guidon's professionals—who helped the retailer's staff make changes to the organization of its refrigerators and helped the staff become comfortable operating with leaner inventory levels—the client was able to realize the savings and improvements across 150 stores within a couple months and across the entire chain in a span of a year and a half.

Guidon's implementation services team helped the client learn the mechanics of implementing process changes across a large organization—a skill that will be valuable to the company for future large-scale implementations. In addition, Guidon's team is helping an internal team learn how to navigate subtle changes in how individual stores carry out their daily operations and effectively work with them to adopt and sustain more efficient business practices. While some stores just carry additional inventory as a convenience, other stores may have challenges with delivery or obstacles like inappropriate fixturing or store hours which make the changes less practical. The Guidon team works with the retailer's staff to make adaptations that ensure the best possible resolution is implemented instead of unilaterally abandoning a good idea. Flexibility in addressing challenges is another key component of implementation, especially in large organizations.

Guidon continues to work with the retailer as it rolls out improvements in other areas of its stores. The retailer's internal team will eventually take on greater roles and use the lessons taught by Guidon to implement future changes on their own—an objective of all Implementation Services.

Client: A large consumer products retailer

Industry: Retail

Service: Implementation Services

Challenge: With more than 5,000 locations, this massive retailer needed to find ways to:

- Decrease inventory levels and handling costs
- Increase cash flow
- Roll out improvements consistently over many locations

Solutions: Guidon Performance Solutions helped the client:

- Identify refrigerated products that were significantly overstocked—by nearly three times the maximum required level
- Take advantage of flexible delivery options to reduce required inventory levels and associated carrying costs
- Devise and execute a multi-stage plan to roll out the process changes across the retailer's entire network

Results: Making one simple change to the reorder trigger—decreasing the inventory level of the stores' most expensive refrigerated items:

- Decreased money tied up in inventory by nearly \$40,000 per store
- Allowed stores to be more organized and efficient
- Reduced carrying costs by nearly \$14 million across all stores
- Maintained or improved stock levels



866.986.4414 or 480.986.4414
contact@guidonps.com
www.GuidonPS.com