

CONNEXION™ Case Study General Merchandise Retailer

By using CONNEXION™, this U.S. retailer has decreased their total annual spend for cleaning supplies, chemicals, paper and liners by 25 percent.

As one of America's leading retailers, the company highlighted in this case study operates more than a thousand stores throughout the United States and Puerto Rico, while also operating the nation's largest general merchandise catalog business and one of the largest apparel and home furnishing websites. Through these integrated channels, this retailer offers national, private and exclusive brands reflecting its commitment to providing customers with "style and quality at a smart price." The company posted revenue of almost \$20 billion in 2006.

Situation

With so many stores, plus corporate and distribution sites, this leading retailer faced challenges in cleaning category management, including:

- Difficulties in controlling cleaning spend vs. budget at each store
- Limited visibility of store level purchases of cleaning supplies
- Uneven compliance with a cleaning supply buying program at the store level
- Coordinating cleaning contractor labor and deliveries for periodic tasks
- Keeping up-to-date cleaning and supplies information at the store level
- Managing new store cleaning supply orders outside the standard ordering system

In addition, not-for-resale cleaning supplies moved slowly through its distribution centers, leading to loss and pilferage, as well as high inventory carrying costs.

Solution

In consultation with this retailer, JohnsonDiversey recognized several opportunities for improving the situation, using CONNEXION as a category management platform. The initial, overarching objective was to reduce the spend for cleaning supplies; by exploring root causes and related issues, the opportunity was expanded to include:

- Improved spend management of all non-resale goods
- Better operational efficiency and simpler procedures
- More flexible logistics for store-door, cross-dock and distribution centers

Deploying CONNEXION in 2006, the retailer began to see significant, measurable benefits within the first year of implementation.

Results

- **Improved Spend Management** – Using CONNEXION, this retailer decreased their total annual spend for cleaning supplies, chemicals, paper and liners by 25%:
 - Orders are now allowed only from the agreed custom catalog
 - More accurate budget setting is now attainable, based on par values
 - Management has direct control of overspend vs. budgets
 - Management has easy access to real-time spend reporting with linkage to key store metrics and audit performance
- **Better Efficiency, Simpler Procedures** – CONNEXION is now the single-source provider of all not-for-resale goods.
 - Because its Building Service Contractors also use CONNEXION, the retailer can outsource ordering without losing budget control
 - CONNEXION effectively coordinates contractor labor and cleaning supply deliveries, which is especially helpful for store start-ups and periodic tasks
 - Corporate and store management has 24/7 access to all product, safety & audit information, while contractors have access to product use guidelines and training materials
- **More Flexible Logistics** – CONNEXION makes the company more agile and lightens its inventory load.
- All Not-for-Resale items are now managed by CONNEXION
- Slow movers and hazardous goods can be outsourced with no loss of control