



# CASE STUDY

## Retailer Compresses Cycle Time by 50% and Ensures Sustainable Execution of Business-Critical Strategic Process

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### PROJECT BACKGROUND

A leading retail chain was faced with eroding sales and market share, while striving to position itself to best contend with its competitors. To combat these challenges and to reinforce its commitment to its 6,000-plus member stores, the company structured a critical strategic merchandising initiative to review and optimize its entire product category assortment offering.

The objectives for this Category Line Review Program initiative included reducing wholesale prices, and creating a compelling product category assortment that would ultimately result in product category volume increases and higher levels of membership satisfaction. After executing a preliminary series of rigorous product category line reviews, executive leadership questioned the effectiveness of the existing process due to missed milestones and the reactive nature of the organization's response to critical issues.

What they ultimately determined was that the

Category Line Review Program lacked a formal, defined process, and experienced ineffective internal program communications among the merchandising, logistics, marketing, and information technology functions. Executive leadership also determined the program inefficiencies were leading to an excessive 7 to 8-month cycle time (from product identification through delivery to the member stores) to transition from the old to new product categories and that the program was only occasionally meeting milestone dates.

Integrated Project Management Company, Inc. (IPM) was engaged to coordinate the planning, development, and execution of an optimized Category Line Review Process and Program that would ultimately effect a reduction in wholesale product prices, maintain a compelling assortment, and allow stores to pass along cost savings to customers.

### IPM'S SOLUTION

IPM employed a concurrent, two-pronged strategy to address the identified program inefficiencies. The first primary

activity focused to providing program management leadership to the on-going product line reviews, establishing formal program communications, and facilitating the identification and resolution of key line review issues.

The second primary activity was to develop an optimized line review process to serve as the foundation for the remaining line reviews. Working with cross-functional company personnel and using Lean Six Sigma methodology, IPM facilitated the development and implementation of an optimal and structured Category Line Review Process, including formal policies, and standardized tools and documentation to ensure sustainable, efficient, and predictable results.

Following the development of the optimized process, IPM led the coordinated effort to seamlessly integrate the optimized process into the ongoing line review program with no negative impact to member order fill-service levels.

## PROJECT RESULTS

Key results delivered through IPM's leadership include:

- Successful execution of 50 individual product category line reviews scheduled for 2005; missed milestones mitigated and customer satisfaction problems averted; systemic solutions implemented to remove root causes for missed process milestones
- Optimized and streamlined processes and supporting tools for eight line review sub-processes developed; overall process cycle time duration compressed from 8 to 4 months.
- Rapid implementation of the formalized Line Review Process across the organization.
- Cross-functional collaboration enhanced; departmental silos broken down.
- The retail chain is back on path to effective category line management, reclamation of member stores, and the desired profitability; revenue growth of 8% for completed line review categories.



200 South Frontage Road, Suite 220  
Burr Ridge, IL 60527  
T 630.789.8600  
F 630.789.7945  
[www.ipmcinc.com](http://www.ipmcinc.com)