Case study

JYSK

Customer: JYSK Canada
Location: Vancouver/Toronto, Canada
Industry: Retail, home furnishing
Software: MS Dynamics NAV, LS Retail, Inventory Optimiser

Company Profile
JYSK Canada supplies around 8.000 items for its stores. They operate 41 home furnishing stores and 2 distribution centres in Vancouver and Toronto.

Challenges
- Increasing inventory levels
- Too many employees involved in the purchasing process.
- Reduced overview due to the growing number of stores and SKU´s.

Benefits
- Inventory levels reduced by 30%
- Increased automation for purchasing managers.
- Accurate demand forecasting.
- Decreased wastage.

AGR

AGR Dynamics is a supply chain planning specialist offering solutions that optimise the flow of goods throughout the supply chain for distribution, retail and manufacturing companies. The AGR solution increases profits by eliminating unnecessary costs from the supply chain. It uses raw data from any ERP system and automatically selects the best-fitting forecasting method to estimate future demand.

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Inventory levels down by 30% through customized reporting

"After implementing AGR, we have lowered our inventory levels by over 30%, consequently freeing up valuable working capital and saving considerable time in the purchasing process."

Says Grettir Björnsson, IT manager, JYSK Canada

Business needs
Lars Larsen opened the first JYSK store in 1979. Throughout the years, the company has expanded to run over 1,550 home furnishing stores in 32 countries. JYSK employs 14,000 staff and generated 3,5 billion USD in 2008. The company has become a leading brand in many European countries including Denmark, Germany and France. JYSK has developed a strategy of bulk-buying quality products at less cost than the competition and in turn sells them cheaper to its customers. JYSK's reputation for passing savings onto customers has enabled the company to evolve into the International organization that it has now become.

JYSK Canada was looking for a system that would enable the company to expand its cost focus and provide a stronger competitive advantage through inventory optimisation and accurate demand forecasting. An improved managerial overview for its rapidly growing operation was also a strong prerequisite as well as the importance of efficient implementation possibilities with its current ERP setup.

LS Retail and Inventory Optimiser
JYSK Canada relies on LS Retail NAV, which is built on Microsoft Dynamics NAV for its business operations, from accounting to point of sales and logistics. After examining a number of inventory solutions to add to this setup, JYSK selected Inventory Optimiser for its operations in Canada, Iceland, the Baltics, Bulgaria and Romania.

Initial setup
In Canada, JYSK uses AGR to run its two distribution centres in Vancouver and Toronto. The company supplies 41 stores across 4 time zones, with over 8,000 units. Demand is forecasted per item, based on sales figures extracted from Microsoft Dynamics NAV. The forecasted demand is then allocated to one of the two warehouses, depending on store location.

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Case study

Inventory levels after implementation

Although the organization has over 500 suppliers worldwide, the bulk of its purchases come from China. This generates different lead times for items, depending on whether the final destination is in Vancouver or Toronto. "The design of the system allows it to be flexible enough to meet all the needs of the customer. Dealing with multiple warehouses, lead times and vendors has become a much more simple process. We have been able to manage our lead times much more effectively after implementing the AGR system and we were impressed with the fact that stock-outs have reduced despite the impressive drop in inventory levels," says Grettir Björnsson, IT manager, JYSK Canada.

"After successful initial implementation in our warehouses, we are now rolling the system out to our entire store network. We have been lowering our inventory levels quite considerably after implementing Inventory Optimiser and they have now dropped by over 30%, consequently freeing up valuable working capital and saving considerable time in the purchasing process," explains Grettir.

Flexible and user friendly

Inventory Optimiser is a flexible solution and can be customized for specific users. A well-received feature is the Manage by Exceptions (MBE) module. It is an out-of-the-box solution that has enabled JYSK to generate specific reports, identifying items that do not fit predefined patterns. By categorizing top sellers and slow movers, purchasers are able to focus their efforts on the most important items, saving great amounts of time and money for the organization. JYSK Canada has used the system´s flexibility to its full extent by implementing its own customs and needs into the buying process. This is best illustrated by the impressive in-house number of custom made MBE columns and reports in daily use. Examples include:

- Top seller reports, broken down by item category, used to predefine service levels
- Line analysis reports, to calculate quantities related to stock level and delivery time, by units and value
- Items where the number of days until stock-out is less than the lead time
- Items where the sale during the first week of the month exceeds 50% of the month's forecast
- Items where previous days sale is more than 50% of current week's forecast

The top seller report calculates the top 100 items in sales. Items not fitting this description are automatically assigned a 50% service level. These user-defined fields and reports are set up to reflect inventory levels for each distribution centre individually or for the entire company. "The demands of the changing retail environment require new reports and new workflows almost on a weekly basis. AGR has allowed us to meet those demands quicker than ever before," says Grettir.

Increased automation

One of the system's main goals is reducing workload through automation. By item categorization purchasers can prioritize their efforts correctly, increasing focus on fast moving items and letting the system deal with the slow movers. "We have reduced the overall time spent on the purchasing process while producing more accurate forecasts and increasing our analysis of items that contribute the most to our bottom-line," says Grettir.

Easy implementation

The system has been integrated with over 30 Microsoft Dynamics NAV customers, which ensures a quick and efficient process. There are currently around 12 employees using AGR at JYSK Canada. Grettir concludes "One training day with our purchasing staff was sufficient as the system is very user-friendly and intuitive. Our employees were able to start using the system effectively in a matter of days after implementation, which made the whole process run very smoothly."