



Customer: Søstrene Grene
Location: Aarhus, Denmark
Industry: Home goods
Software: MS Dynamics NAV

Company Profile

Søstrene Grene was founded in 1973 and provides a wide range of home products designed with Nordic inspiration. Søstrene Grene currently have over 250 stores all over Europe.

Advantages of Søstrene Grene's AGR system

- Better balance between inventory and service level
- Faster reactions to signals from sales
- Easy reporting opportunities that give a continuous overview for all stores
- Accurate demand forecasting
- Accurate allocation based on store's actual needs and sales
- Easy to integrate into the many new items the company is continuously introducing

Søstrene Grene Improves Allocation Accuracy to its 250 Stores

Every week, trucks from Aarhus, Denmark, distribute new products to about 250 Søstrene Grene retailers in Europe. The distribution of the quantities per item and per store is based on the intelligent allocation system from AGR Dynamics. The system significantly improves precision, which means higher turnover, less lost sales, and lower inventory throughout the supply chain with less hassle.

The majority of Søstrene Grene's range is continually replaced and stores receive about 100 new items each week. It is a central part of their business model to always offer customers a new experience with new product offerings, encouraging customers to visit the shop frequently. But how does the Head of Supply Chain, Jakob Skytt Gregersen, and his colleagues determine just how many items to deliver to each store when 60 percent of the weekly shipment is comprised of new items? Previously, the allocation was determined as a percentage of the overall sales budget. "We previously had a one-size-fits-all solution, where the primary driver for the distribution of goods was our sales budget, so a high-turnover store got high quantities and a low-turnover store received lower quantities."



Distribution Based on Forecast

That has now changed. Today, the successful retail chain has introduced an allocation system developed in collaboration with AGR Dynamics, which distributes products to store with higher precision. This means that stores today receive the correct quantity for all items to match their real numbers and needs. This is a great advantage for both stores, the central warehouse in Aarslev, west of Aarhus, and the purchasing department.

But how can that be possible? "Today, we can more accurately estimate the sales volumes of stores because we base the distribution of goods on sales history and forecast," Jakob Skytt Gergersen explains, adding: "The majority of items are new, but we operate with a categorization of items in three levels. For example,

Case study

the levels for a dining room chair may be: Level 1 Furniture, Level 2 Seating, and Level 3 Dining Chair. The sales history of a new product is then based on the history of **a number of comparable goods in Level 3.**"



Painless Implementation

According to Jakob Skytt Gregersen, this is a big improvement because the stores have different sales profiles, and therefore forecast based on sales history is a more accurate basis than the overall sales budget. He emphasizes that there are many nuances that play into sales, such as region, country, local conditions, location (street or shopping centre), etc.

The retail chain started working with the AGR solution in 2019 and has spent a lot of time preparing for its implementation. The software went live in late 2019 and was largely painless. "The biggest challenge is data quality and lack of data. We have therefore invested in a Product Data Management system to ensure consistency in the creation of product master data and to ensure high quality data," Jakob Skytt Gregersen explains.

About AGR Dynamics

AGR Dynamics is a supply chain planning specialist offering Retail Dynamics and Wholesale Dynamics 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.

For more information go to: www.agrdynamics.com