

Case Study

Inventory Shrinkage

Service Line:
Operational Efficiency





CONTEXT

In Europe, inventory shrinkage rate is reported to be around 1.8% of sales, on average. Causes of shrinkage can be: employee theft, administrative error, vendor fraud, damages, obsolescence...



CLIENT

World's top Toy Retailer



CHALLENGE

Following Client's relocation to a new warehouse, shrinkage rate has almost doubled.

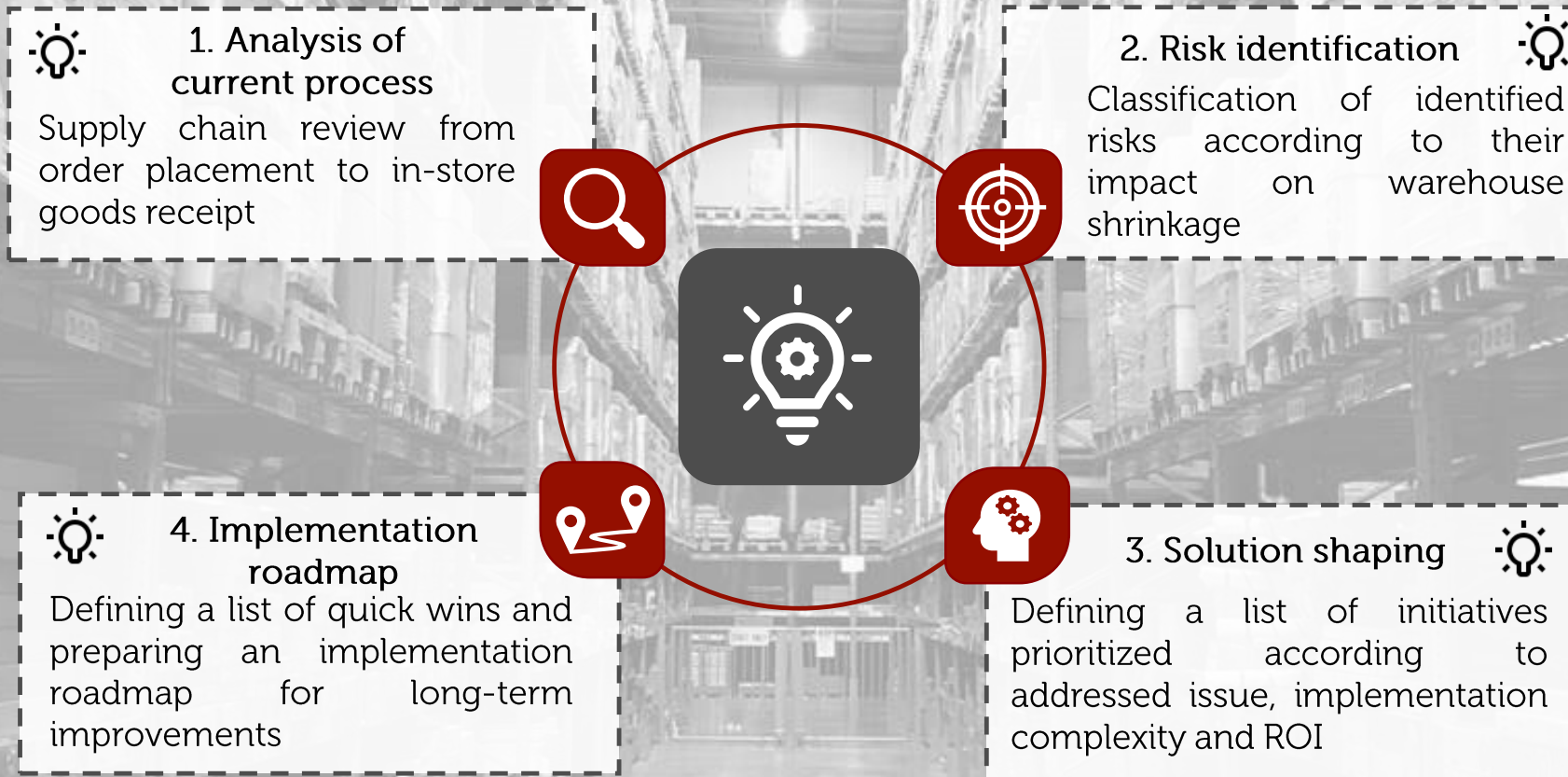
The 80% of largest shrinkage were administrative differences generated in the new warehouse.

Complexity related to business seasonality and absence of written procedures had to be handled.

Project timeline: 2.5 months



Shrinkage review project has been delivered in 4 stages





BENEFITS & RESULTS



Tailored improvement proposal and definition of new procedures with a clear implementation roadmap

KEY POINTS



In depth analysis of Client's supply chain, considering all involved departments for an effective risk identification



Classification of improvements
In 4 core areas:

- Warehouse operations
- Master data,
- Specific products
- Supplier relations



Adoption of formalized procedures in warehouse operations and their effective implementation bring to shrinkage reduction