

Provide Suppliers With Real-Time Data

This retailer implemented a Web-based supplier collaboration solution to help its supplier community improve merchandising, promotions, and pricing.

by Erin Harris

Founded in Los Angeles in 1871, Smart & Final operates approximately 285 stores under the Smart & Final, Smart Foodservice Cash & Carry, Henry's Farmers Market, and Sun Harvest Market banners. The company operates nonmembership warehouse stores for food and foodservice supplies in six states, northern Mexico, and farmers' market stores in California and Texas.

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Diana Godfrey, Smart & Final

Now headquartered in Commerce, CA, the company employs 8,500 people.

The company's Smart & Final banner stores sell food, foodservice products, and professional-quality culinary equipment through warehouse stores. Billed as the "smaller, faster warehouse store," the Smart & Final banner stores pride themselves on providing low warehouse prices and convenience. "As part of that commitment, Smart & Final wanted to improve collaboration with its suppliers," says Diana Godfrey, group VP of buying at Smart & Final. "The objective was to provide more data to the suppliers in order to improve operational efficiencies, decrease out-of-stocks, and react quickly to eliminate distribution voids."

To accomplish that goal, Smart & Final

committed to implementing a near-real-time retailing infrastructure through which sales data was available across the extended enterprise. Godfrey states the retailer had previously provided data to suppliers (e.g. product selection, in-stock percentages, markdown prices), but it was typically on a weekly basis. Suppliers lacked the real-time data they needed to know how products were actually selling to help improve sales. Smart & Final's category managers look at real-time sales and item movement to assess new item launches and determine how specific items in their categories are performing. "Because items do not sell well or do not sell at all in particular locations, we needed a solution that allowed us to use the data as a starting point to determine the cause and then work with the supplier to fix the problem," says Godfrey. "Also, we need a solution that evaluates the effectiveness of promotions and enables us to quickly analyze results with the suppliers and internal partners (i.e. marketing, pricing, operations) to strengthen future programs." By providing this information, retailers can demand accountability and enable suppliers to investigate any problems quickly, make the appropriate corrections, and ultimately improve sales.

Smart & Final did not conduct a standard RFP for a supplier collaboration solution. The base technology, afterBOT's TransAccess was already in place as a Post Sales Transaction Management Solution using a "digital receipt" solution to deliver transaction details for a number of audit, compli-



Smart & Final's supplier community accesses sales data via afterBOT's Web-based solution.

ance, and customer service applications. Smart & Final selected afterBOT's TransAccess Supplier Connect module, because the retailer had already implemented afterBOT's digital receipt solution. The digital receipt technology provided Smart & Final's credit department with a tool to capture credit card signatures and resolve disputes and other post-sales transaction inquiries. Once the digital receipt technology was deployed, Smart & Final then began to use the TransAccess ReceiptsPLUS infrastructure to deliver secure, unique views of the transaction detail across the enterprise, including both customers and suppliers in the process. "We recognized that the real-time data provided by the afterBOT solution could be leveraged in other ways at our U.S. Smart & Final stores to improve in-stock conditions, increase operational efficiencies, reduce investment in inventory, and thereby increase sales and profits," says Godfrey.

To start the project, Smart & Final

formed a steering committee, which included several suppliers and representatives from Smart & Final's buying, finance, IT, marketing and store operations teams. The team evaluated the feasibility of extending the solution to include a Web-based sales reporting tool. The committee defined and documented hypotheti-

cal ROI models and selected two DSD (direct store delivery) vendors to launch the project. After a successful pilot, four additional suppliers were added.

TransAccess Supplier Connect enables Smart & Final to implement new business models, which allows it to leverage the supplier's experience

selling merchandise over a wide range of channels to improve shelf layouts, merchandising, promotions and pricing. The supplier collaboration solution provides additional information not previously available in real time. "Our suppliers did not have visibility into daily sales numbers, and now they do," says Godfrey. "This solution improves performance of a given supplier's product."

Offer Web-Based DSD

The vendor's TransAccess solution is Web-based and is installed on Smart & Final's servers. The solution has a role-based security layer and defines who may view what data. For example, Smart & Final's category management department accesses the solution from the corporate office. Suppliers can access it from their offices or from their handhelds, as they travel frequently to check in on stores. To date, Smart & Final's category managers use the vendor's solution to determine how items are performing in their given categories. The supplier community uses it to determine how items are selling, look for potential out-of-stocks and distribution voids, measure promotion effectiveness, and track inventory. To date, nearly 200 Smart & Final stores and more than 500 vendors use the solution. "We continue to evaluate the success of the application," says Godfrey. "However, anecdotal evidence from suppliers indicates it has helped them to improve the efficiency of their distribution efforts, improve in-stock conditions, and increase sales. Our internal assessment of ROI is an ongoing process." Smart & Final believes the solution has helped strengthen the relationships with its suppliers. □

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