



Enabling high performance through supply chain management

Fulfillment

>
accenture

High performance. Delivered.

The scope of fulfillment is expanding. Business partnerships and “extended enterprises” are increasingly common. Material sources and product destinations span the world, with more parts, products and materials emanating from Asia.

“We were far from world-class in managing supply chain so we did something about it...The first thing we did was hire Accenture and they’ve done a wonderful job.”

**—Ron Sargent,
CEO of Staples**

Accenture research also reveals that, with more new products coming on line more frequently, synchronization of the supply chain is more critical than ever. The demands on the fulfillment function are likewise increasing. With shorter lead times and increasing customer expectations, companies struggle to raise service levels without raising prices. Life cycles also have compressed, which squeezes more product into already constrained pipelines. And the pressure to shrink inventories, tighten costs and rein in labor expense continues unabated.

Accenture’s ongoing research to identify the characteristics of a high-performance business confirms that a relationship exists between supply chain mastery and superior financial performance. Our experts have helped scores of clients achieve high performance by incorporating supply chains into their business strategies and mastering fulfillment’s often-paradoxical objectives. For example, we help clients minimize inventories while maximizing inventory visibility and product availability; expand service levels while tightening service costs; and increase partnerships and alliances while reducing complexity.

Strategic insights and strong execution

Complementary capabilities are key to Accenture’s effectiveness. In one sense, fulfillment is an old-school discipline—a cornerstone of logistics. So as one of the oldest and most seasoned logistics consultancies, Accenture is well-positioned to help clients master fulfillment basics like warehouse management and operations, distribution network

design, product flow path optimization, packaging, transportation management, and customer service. However, fulfillment also employs many cutting-edge technologies and approaches. Accenture works with niche technology providers, including leading ERP companies like Oracle and SAP, to help clients leverage technology breakthroughs, adopt new operating models and synchronize operations. Our experience has shown that aggressive fulfillment initiatives can markedly improve a company’s competitive positioning and help displace entrenched leaders. For this reason, we also excel at teaming with our clients to develop and implement advanced planning technologies, inventory management, forecasting, radio frequency identification systems, telematics, Web-based ordering, Far East product movement and event management tools.

Commitment to high performance

Our commitment to the use of new and appropriate technologies, inter-enterprise collaboration, and organizational change help companies remain at the forefront of innovation and achieve high performance. Accenture helps clients fulfill their objectives by realizing measurable, unambiguous improvements in their fulfillment performance—like accurate, timely and economical management of orders received through traditional and Web-based channels. As a result, our clients routinely experience fulfillment-based cost reductions in labor (10 percent to 30 percent) and transportation (15 percent to 30 percent), as well as improvements in service levels (5 percent to 20 percent) and overall operational performance (20 percent to 40 percent).

• Consulting • Technology • Outsourcing

Delivering high performance at Staples

With more than 1,700 locations in 21 countries, Staples is the world's largest office products company. Its highly successful expansion around the globe is fueled by Staples' strategy to ensure that all customers can easily locate and purchase the products they need.

Throughout the 1980s and 1990s, the office superstore market exploded and matured, resulting in strong competition, low prices and little market differentiation. Staples realized that it had to find new ways to drive sustainable growth and profitability. The answer, it concluded, was improving its supply chain. Staples' goal was to widen its lead over competitors by improving supply chain execution and decreasing costs, while increasing productivity and reliability.

In 2002, Staples hired Accenture as the chief architect of its supply chain program for the US retail business unit. Working side-by-side with Staples' business professionals, Accenture helped define a broad-based strategy that extended beyond the supply chain. With this strategic blueprint in hand, Accenture then collaborated with Staples on redesigning a range of core processes that included category strategy and management, circular advertising, in-store promotion, store space management, replenishment merchandise flow, and in-store management.

The team's solution involved identifying gaps in processes that had a substantial impact on Staples' overall supply chain. For example, the team discovered a disconnect between the inventory that Staples' systems showed as out-of-stock and what was actually available in stores. Another opportunity the team identified was ensuring that inventory was not just at the store but that it was on the shelf and available for sale. The team also created and implemented a new end-to-end inventory management process that addressed virtually every aspect of in-store inventory management—even scheduling the precise times when inventory should be unloaded from trucks and the times when store shelves should be restocked.

The results of the 30-month engagement were multiple and tangible: Even though more than \$300 million in inventory was eliminated, Staples was able to make it easier for customers to shop the stores by improving product in-stock by about 3 percent. Over two years, this dramatic in-stock improvement, together with the merchandising and marketing improvements, contributed in excess of \$100 million in incremental sales and more than \$100 million in operating profit improvement.

Through its combined efforts with Accenture, Staples now has a sustainable supply chain process that enables the office supply superstore to continually identify opportunities for even greater performance. With regards to the value of teaming with Accenture, Staples CEO Ron Sargent said: "We were far from world-class in managing supply chain so we did something about it...The first thing we did was hire Accenture and they've done a wonderful job."

For more information

To discover how Accenture can help your organization achieve high performance through innovative fulfillment solutions, visit www.accenture.com/supplychain or contact one of the following executives:

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About Accenture Supply Chain Management

The Accenture Supply Chain Management service line works with clients across a broad range of industries to develop and execute operational strategies that enable profitable growth in new and existing markets. Committed to helping clients achieve high performance through supply chain mastery, we combine global industry expertise and skills in supply chain strategy, sourcing and procurement, supply chain planning, manufacturing and design, fulfillment, and service management to help organizations transform their supply chain capabilities. We collaborate with clients to implement innovative consulting and outsourcing solutions that align operating models to support business strategies, optimize global operations, enable profitable product launches, and enhance the skills and capabilities of the supply chain workforce. For more information, visit www.accenture.com/supplychain.

About Accenture

Accenture is a global management consulting, technology services and outsourcing company. Committed to delivering innovation, Accenture collaborates with its clients to help them become high-performance businesses and governments. With deep industry and business process expertise, broad global resources and a proven track record, Accenture can mobilize the right people, skills and technologies to help clients improve their performance. With more than 126,000 people in 48 countries, the company generated net revenues of US\$15.55 billion for the fiscal year ended August 31, 2005. Its home page is www.accenture.com.

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