

Warehouse and inventory management – the key to true multi-channel retailing

By Sam Jackson, managing director, Prologic plc

The retail market – and especially the fashion and lifestyle sector – is more competitive than ever before. Today, the battle for custom is being fought in a multi-channel environment and it's tough. Fashion companies are now offering targeted products to ever-wider markets via e-tail and catalogue operations, as well as through their traditional bricks and mortar retail outlets. And of course a lot of fashion retailers also have a wholesale arm.

These developments along with ever shortening lead times make the planning and logistics function very complicated, and in particular they have increased the pressures and demands put on warehousing systems. When selling in a multi-channel environment 'losing' or selling stock twice is all too easy; space management and labour efficiency is harder to achieve and inventory checks are always made against a moving target. It is no longer enough for a warehouse to be a passive distribution hub. For businesses operating in a rapidly moving multi-channel environment, warehousing and distribution is an essential component of business flexibility.

Even for a retailer operating in just one country from one warehouse, the problem is hard enough, but for multi-channel retailers with international e-tail markets and multiple distribution centres it has become a real management headache. For such companies, inventory planning and warehouse management is now a business critical issue.

So what solutions are these companies adopting? Many have started to see the severe limitations imposed by a historic piece-meal or 'best of breed' approach to implementing systems. The fact is that separate systems (for mail order, retail stores, e-tail, wholesale etc) simply cannot see the whole picture, and it is the whole picture that counts when it comes to solving warehousing and stock distribution problems.

Although big ERP systems do exist for managing multi-channel environments, they are complex and can take a very long time to install and bed down. For the majority of retailers, these solutions are too generic, over-specified and, because of the time to implement, commercially unviable.

However, companies, such as Prologic, motivated by rapid changes in the market place have adopted a new model: one that integrates all channels into a single stock management and distribution system thus avoiding the over engineered costs, slow implementation and complexities associated with big ERP systems.

Users of such systems don't suffer the best of breed bind - that is, different systems 'glued-together' using disparate technologies. This approach in a multi-channel environment can be considered inherently flawed, it simply cannot deliver the flexibility and performance that modern fashion and lifestyle companies need to stay competitive.

In other words, to meet the warehousing and distribution needs of a modern multi-channel fashion company what's needed is a truly integrated approach, but one that doesn't take years to implement and iron out all the bugs. Interfacing software needs to be reduced to an absolute minimum, and most importantly, there needs to be a single

coherent view of stock across merchandising, production, finance, retail, e-tail, mail order and wholesale.

Such systems integrate channel planning into a single scheme, improving coordination and co-operation across the supply chain. Planning assumptions become much more visible making mistakes easy to identify and fix, stock can be utilised more efficiently, and allocation and replenishment becomes far more flexible and responsive.

The multi-channel approach to stock means that the warehouse can proceed with the job of picking, packing and despatching goods without any concern for how or where the demand was generated. This eliminates the need to physically separate stock destined for different channels, and enables our customers to increase warehouse productivity and make better use of their expensive warehouse space.

In summary, your IT strategy needs to take account of the whole business. There is a thin line between success and survival. If systems are not properly integrated or if they take too long to implement you may find yourself on the wrong side of that line.

About Prologic

Founded in 1983, Prologic is listed on London's AIM and is the only supplier of integrated IT solutions dedicated to the fashion and lifestyle sector. With a customer base which includes many of the leading names in the fashion and lifestyle sector, the company has systems across Europe, the USA and South Africa, and operates an ongoing research and development programme designed to meet the needs of a dynamic and demanding industry.