

Case Study

INDUSTRY > Retail

FUNCTIONAL AREA > Information Technology

The Arnold Group is a management consulting firm that helps leading organizations excel. Our consultants are exceptional, senior-level professionals with a passion for achievement and a proven track record in helping business leaders achieve success in the world's largest organizations. With a depth of industry-specific knowledge and expertise, Arnold Group consultants partner with our clients to fully understand their challenges and deliver actionable results that drive true organizational impact. When you work with the Arnold Group, you are partnering with a team of experts who are committed to your success.

Process Redesign Helps Large National Grocery Chain Align Resources and Cut Costs

Summary

A large national grocery and drug store chain needed to integrate its regional operations and supporting information technology to improve efficiency and achieve economies of scale. The company developed a consistent set of business processes and IT systems to integrate nationwide operations. With a better-integrated organization and a new centralized management team, the company was able to align its operations and workforce to a common vision.

Customer Profile

A large U.S. grocery and drug store chain

Challenge

A major grocery and drug store operation had grown to become one of the largest in the U.S. through the merger of multiple separately operated and branded regional chains. The organization faced stiff competition from other large national chains. However, because the regional subsidiaries were each operated separately, management was decentralized, and the company was unable to take advantage of economies of scale and fully leverage its size as a buyer. The organization wanted to determine the best way to bring these operations together in order to gain the benefits of integration.

Solution

To help meet these objectives, a team of consultants worked with the client to implement three initiatives: a

business process redesign, information systems design, and a reorganization of the management team.

To improve and better integrate the organization's business operations, the team created process maps to document processes throughout the company. They then evaluated the strengths of each regional operation and developed best practices that could be used consistently throughout the organization. At the same time, the team ensured that regional processes were maintained that had developed to successfully serve the needs of specific regional markets. Next, the team developed a complete information technology strategy and helped the organization re-develop and integrate systems such as merchandising, warehousing, and distribution. For example, the team implemented consistent store-level ordering systems that could integrate manufacturers' warehouse systems so that inventories could be delivered, unloaded, and stocked in the stores in the most efficient way. To see this through, the team performed the software selection for the new systems and stayed through the initial deployment which would later be successfully rolled out to more than 20 nationwide warehouses.

One of the key challenges in the process was integrating the unique cultural characteristics of each organization. To address this, the team helped to form new a cross-organizational management team and facilitated tours across the different operations to help them gain familiarity with the entire operation.

Results

As a result of the project, the organization was able to reduce operational costs by as much as 30% in some facilities, which provided significant competitive advantage in a business that traditionally operates on very thin margins. With the newly standardized IT operations, the company realized significant gains in efficiency. And perhaps most important, the nationwide organization was unified by a collaborative functional management team, helping to align all of the organization's resources to a common set of objectives.

