



## Big Box Company Turns to TIS for Supply Chain Improvements

### *Background*

This TIS customer runs a chain of retail home improvement and appliance stores. This renowned big box company has been helping do-it-yourself customers improve their homes for more than 60 years. The company serves over 13 million customers a week from its over 1,400 stores in 49 states and Canada. The company has annual revenues totaling over \$46 billion.

During the 1980's, this former regional hardware store chain suffered as did many local and regional chains due to the advent of competitive big box stores offering discounted hardware, lumber and other home improvement supplies. Competition was fierce as these large rivals were chiseling away at the company's market share and profit margin. In 1994, the company joined the fray and opened its first big-box store—a move that turned the company around. In recent years, the company has opened on average 150 stores a year.

The rapid growth of big box stores spurred the need for a plan to trim weeks off each store opening in addition to reducing the cost of deploying technology. For this to be successful, it would have to find a way to cut costs at every stage of the supply chain in order to offer goods at competitive prices. Retailing was its core competency, not the art of procuring, tracking, staging, configuring and testing technology for its new store openings.

### *Challenges*

The company had equipment for new stores strewn all over its distribution facilities potentially throttling rapid expansion. Delays in store openings were attributed to the company's struggling with asset management, shrinkage, technology shortages, and technology integration problems. In its cost rationalization, the company determined that it wanted to outsource all installation and logistics functions that supported new store rollouts.

The success of the company was contingent on its willingness to relinquish control over its supply chain management to a third party. This decision prompted concern with management that turning to an outside provider would result in a decline in customer service. Finding a trustworthy partner to match the company's high expectations was paramount. The deployment company chosen would have to be able to deliver nationwide, and address cost containment issues that were increasing in both union and non-union environments.

*(continued)*



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### Solution

TIS was selected from among many candidates evaluated by the company to become their supply chain solutions provider. One of the first orders of business was to build a new physical plant that could be used to centralize supply chain services with the ability to expand for growth.

- TIS constructed a near-100,000 square foot Staging and Configuration Center specifically designed for the deployment of complex computer and network technologies. In addition, TIS utilized flex warehouse space, to accommodate surges in inventory, at times adding up to 50,000 square feet of capacity to serve the needs of its customers.
- Approximately 40% of the company's new store deployments were in union sites. In addressing its cost containment initiatives, TIS was able to reduce costs at both non-union and union sites.
- At its peak, the company was opening over 150 new stores each year. During those runs, measurements on TIS' accuracy for ordering, receiving, configuring, staging and shipping of more than 1,500,000 items delivered annually exceeded 99%. This represented over \$80 million of equipment shipped annually.
- TIS' Inventory Management System—established for the expressed purpose of rendering inventory data for its customers as well as to serve as a platform for integrating multiple companies' systems, thus, reducing transactional costs. Year after year, the company's physical inventory yielded impressive results with only a .05% net variance in inventory valuation. This system helped TIS accomplish a significant level of load leveling resulting in record level counts of staged and ready-to-go sites for the company's new store construction.
- Great stories were emblematic of TIS' commitment to service. Here is but a few:
  - *TIS was able to scale deployment from a standing-start to over 150 stores a year without any service interruptions.*
  - *The TIS facility's Operations Manager personally hand-carried replacement scan guns to a New Store Construction site to correct an error made by a technology equipment supplier.*
  - *One Tuesday before Thanksgiving, TIS received a request for an emergency replacement of POS registers for an entire site. TIS was able to get the full complement of terminals shipped the next day.*
  - *TIS fulfilled and shipped emergency requests to Hurricane Katrina affected sites within 24 hours of request. Requests ranged from single units to multiple devices.*
  - *At a union site in New Jersey, a truck was unable to be backed up to the store as a result of delays in finishing the parking lot. Instead of going home or charging delay/wait time, the on-site TIS lead paid cash to 2 local Teamsters to unload the truck and carry the equipment and materials with minimal delay.*



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*The company was able to cut out over three weeks off a typical store opening by implementing TIS “store-in-the-box” methodology—configuring and testing all interrelated technology of the same store prior to shipment. While work was being done at its Staging Center, TIS deployment crews were readying the store for delivery of the technology for installation. Arrival was coordinated to accommodate a “plug and play” installation. For a span of over 10 years, each of the company’s big box stores that opened utilized TIS for its Supply Chain Services.*