



Chad Collins,
VP of marketing and strategy,
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Manipulating Inventory For Cross-Channel Fulfillment

For cross-channel retailers, proper assortment allocation begins long before your merchandise hits the DC.

by Matt Pillar

I had the pleasure of speaking with Chad Collins, VP of marketing and strategy at HighJump Software and recent “Supply Chain Pro To Know” designee by *Supply & Demand Chain Executive* magazine. Collins and I discussed the complexities of cross-channel fulfillment and the supply chain implications of the demands of the “new” consumer.

How has consumer demand for anytime, anywhere access to merchandise imposed challenges on retail supply chains?

Collins: It’s resulted in a need for coordination that wasn’t always there. There wasn’t much overlap between approaches to brick-and-mortar and online fulfillment until the order online/pick up in store concept came about. From there, the complexity blossomed to include home delivery on Internet orders from store inventory, direct store delivery (DSD) of Internet inventory to fulfill store orders, and any other number of fulfillment variations.

These demands and the variables that retailers have developed to meet them have created complex supply chain challenges that, if not met, result in replenishment problems. Avoiding these problems requires the coordination of cross-channel fulfillment activities.

As such, many retailers are finding maintenance of a single repository of inventory for store and e-commerce fulfillment is a best practice. Still, fulfillment processes in each channel are quite different — stores require higher quantities less frequently, while e-commerce fulfillment typically involves a few picks per order but very frequent picks. Distribution centers (DCs) must be equipped to handle both scenarios if a retailer is going to fulfill from a single pool of inventory across multiple channels.

What are some common points of integration for cross-channel supply chain visibility software?

Collins: Any integration designed to facilitate cross-

channel inventory visibility should be about getting that visibility all the way from what’s inbound from the supplier to the store shelves. The inbound piece is typically where the least amount of visibility exists — retailers struggle to know exactly what’s been sent, what’s “on the water,” and how it can be accurately allocated to stores and channels just before it hits the DC. Visibility gets better when the merchandise is in the four walls of the DC, and then retailers are challenged again by what’s in the store. What’s on display versus available for sale? What’s damaged? What’s lost or stolen?

Inventory, merchandising, and POS systems integration will help create insight into these challenges, but it starts with demand forecasting and allocation. We receive a feed from the merchandising system, based on forecasted demand, which allows us to determine how to allocate inventory across stores and channels.

What obstacles must retailers overcome to achieve accurate cross-channel inventory visibility, and how are these obstacles most efficiently dealt with?

Collins: Inventory accuracy in the DC. If they’re not using a full-blown warehouse management system (WMS), retailers have inventory accuracy issues. Then there’s speed and productivity of the DC. With an automated system — deployed using mobile technology — directing the tasks, retailers can do a higher volume of shipments with a smaller staff. We typically find that retailers experience DC operations efficiency gains of 15% to 20% and are able to support more volume with less labor when they switch to integrated, automated supply chain management software. If you can service more stores and more e-commerce orders out of a single facility, you can pool your inventory in that location, eliminating the capital expenses necessary to open additional DCs. ■