

Supply Chain Performance Improved by 65%, Reducing Out-of-Stock Occurrences

After deploying Profitbase, Gresvig Sport has seen a significant improvement in the accuracy and on-time delivery of product from their suppliers to their stores. With accuracy levels between suppliers and stores at 51% during Q3 and Q4 of 2007, they are currently stable at 84%. This represents an increase of almost 65%.

Over 100 Years as a Sports Retailer

Gresvig ASA is a retailer of sports and leisure goods in Norway. It's store brands are G-Sport, Super G, and Intersport chains, as well as directly-owned outlets. As of December 31, 2005, the company operated 326 G-Sport, Super G, and Intersport chains; and 16 directly-owned outlets. Gresvig also engages in the fashion business, which includes chain service centres and directly-owned stores, focusing on fashion, and leisure markets, as well as on uniforms. In addition, it offers accounting services and financial advice to their dealers. The company, formerly known as A Gresvig, was founded in 1901 and is headquartered in Askim, Norway. Gresvig ASA is a subsidiary of ONS Invest AS.

Supplier Delivery Issues

In 2007, issues related to the supply chain were piling up for Gresvig Sport. Supplier delivery performance was in fact deteriorating as many were not meeting as-promised dates, lead-times were getting longer and longer and sometimes even the wrong products were being delivered. This was particularly damaging to their stores during promotional campaigns, as promotional products were simply not on the shelves during campaigns.

"One reason we had problems is that the reports we needed to understand supplier performance had to be manually produced using Microsoft Excel which required a very high skill level and a significant amount of time. Producing the reports was a not only difficult but the reports also lacked the basic information we really needed to understand which problems needed to be addressed with each supplier so we could help them improve their performance," says Supply Chain Manager of Gresvig Sport, Jacob Strande.

A Technology Partner with Retail Experience

Several initiatives were undertaken to improve procedures and control operations, but Gresvig soon realized that they really needed more accurate metrics to baseline performance of each supplier and to measure

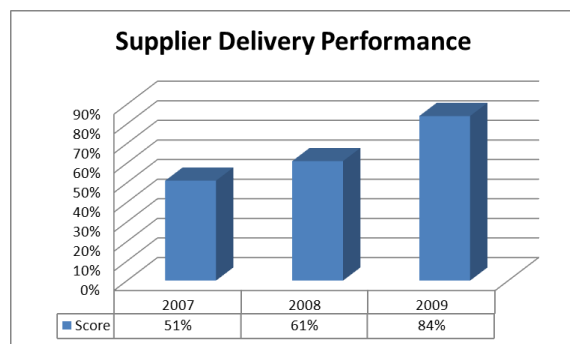
"The effect was immediate after we implemented Profitbase because we finally had a solution that made it easier to measure supplier performance, communicate internally, and initiate appropriate changes in procedures and operations and actually measure the results."

*Jacob Strande
Supply Chain Manager of Gresvig Sport*

performance improvements as new procedures and controls were put in place. Therefore, Gresvig began searching for a good IT tool and a technology partner that had experience in retail and understood how to measure and improve supply chain performance.

Profitbase Selected

"The effect was immediate after we implemented Profitbase – not that the installation by itself made all the difference, but because we finally had a solution that gave us all the metrics we needed to measure supplier performance, to communicate internally, and to initiate appropriate changes in procedures and operations then actually measure the results," says Strande.



Once the Profitbase solution was installed and new procedures established, delivery performance immediately started to improve. The primary area of focus and the biggest problems were with products that were shipped from suppliers directly to stores. These products represented 30% of the company's annual turnover, and had a delivery performance rating of 51% during Q3 and Q4 of 2007. In 2008, the accuracy had increased to 61%, and at year-end of 2009, it is currently 84%. During the same period, the delivery performance to the central warehouse increased from 81% in 2007 to 93% in 2009. Overall performance has increased from 71% to 90% during 2007-2009 – which represents an increase of 26.8%. Gresvig expects their efforts to continue to improve and generate even more positive results in 2010.

"There were three elements making this possible: 1) We acknowledged the problem and challenge; 2) we implemented new framework agreements with our suppliers based on actual performance metrics; and 3) we were able to measure and follow up on our efforts efficiently. Without the latter, where Profitbase definitely was a contributor, it would not have been possible to feel confident about whether we were taking the right steps to improve supplier performance," says Strande.

Better Suppliers - Better Store Performance

A direct consequence of the changes is that store managers and staff are more successful when they run promotional campaigns and their confidence level that products will be delivered as-promised is much higher. The supplier performance reports have also led to better procedures in dealing with suppliers and they are now more accountable. Management is now able to look up any supplier's performance metrics, gross profit contributions, and percentages at any time. They also meet with suppliers on a regular basis to review their performance. This leads to improved dialogues with the suppliers and also enables Gresvig to ensure that all their stores are working from one set of performance figures.

"We are experiencing major improvements in product delivery performance which is a direct result of having good factual data for decision making. We are making better decisions, suppliers understand how they are performing and we can more easily work with them to address any issues. The bottom line is flow of products through our supply chain continues to improve. And, instead of spending time gathering and consolidating data in spread sheets, we are now focused on more goal-oriented improvement in bottom line results. This is particularly important in an organization where people are working at a high rate, keeping several balls in the air at once. Profitbase has also become a tool for ensuring that all our stores are more coordinated, and that each store's performance is easily monitored regardless of location," says Strande.

"Profitbase is used actively as decision support tool with when planning activities and then in measuring the effect of our efforts. This leads to predictability and improved information for suppliers, which in turn creates better agreements with the suppliers and we have products when and where we need it for our promotions," concludes Strande.

About Profitbase

Profitbase, a Microsoft Global Alliance Partner, is a technology leader in delivering rapidly deployed business intelligence (BI) and planning solutions to retailers, manufacturers, and many other markets throughout the world. Their solutions provide one consolidated view of information resulting in 360 degree visibility to all aspects of business performance empowering workers with better information to make better decision to improve cash flow, turnover and profit margins.

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