

# Case Study Baken Park Hardware

## Improving Inventory Investment



*"Optimizer's SciBuy has improved store profit, putting money in the bank."*

Dan French, Manager, Baken Park Hardware



### Background

Baken Park opened a large store in its new location in 2000 and selected Pacsoft to provide the POS system for the new venture. Three years later, Dan French joined the company as the store manager and realized that the business needed a much better return on its \$800,000 inventory investment than they were receiving.

### Challenges

Prior to Dan coming on board, the ordering at Baken Park was basically uncontrolled. The department managers walked the aisles creating their own PO's manually, twice a week. Dan realized that because the store was relatively new, there was no way those managers could really grasp what the growth expectations of a given item were, or which ones were actually "duds".

Dan also realized that he had a fixed capital base to work with initially; he could only improve the merchandise mix by better aligning the inventories to meet demand, meaning he had to raise cash by selling off slow moving items and then "reinvest" in the faster

moving ones to produce more profit. In other words, Baken Park needed to optimize their inventory to meet current and future sales needs.

### The Solution

Dan worked with Pacsoft to understand the software's capabilities for Inventory Management. He learned that the Scientific Buying program was already saving and analyzing 2 years of sales history and that it was actively predicting order quantities for almost every item in the store.

With his finance and big-box management background, he understood that if he spent some time organizing his store and imposed discipline on his ordering processes, that Scientific Buying would provide the needed automatic (i.e. accurate) replenishment his store needed to do this, Dan identified every 4 foot section of merchandise in his store with a "bin location" number, then began producing automatic orders for each department by those numbers, which he then handed to each of his department managers to review.

Pacsoft	10 Users
Location	Baken Park, SD
Implemented	1998
<a href="http://www.hardwarehank.com">www.hardwarehank.com</a>	

### Results Summary

- Inventory turnover increased from 1 to 2.5
- Accurate stock on hand quantities
- Double ordering has been eliminated
- Fewer sales are now lost due to too little stock and slow movers

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*"I would highly recommend Optemizer and Scientific Buying..."*

Dan French, Manager, Baken Park Hardware Hank



### The Results

- Immediate improvement in the efficiency of the order process
  - Double-ordering due to twice weekly ordering was eliminated – Optemizer knows which items had been received, or were still on order awaiting delivery
  - The department managers were able to quickly review orders for exceptions, rather than create manually from scratch
  - The orders were produced in manageable pieces, by bin location by department
- On hand quantities became highly accurate as the department managers began to review orders by bin location, effectively creating a full-store cycle count and eliminating a need for annual inventory-taking
- The inventories began to flex properly, based on historical demand – fewer sales were lost due to too little stock and slow movers began to phase out of the store
- The inventory turns began to improve, from barely over 1 to 2.5 – only 0.1 turns



### About Pacsoft

Since 1984 Pacsoft has helped hundreds of businesses worldwide get control of their inventory issues. Pacsoft takes great pride in ensuring complete customer satisfaction by providing the highest level of professional service and a highly effective inventory management solution.

### We make Our Customers Money by Improving their Efficiency and Profit

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