Tackling the Omni-channel Inventory Challenge

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Finish Line

LOGILITY Halo NGC Demand Solutions®

OUR MISSION

Premium Retailer

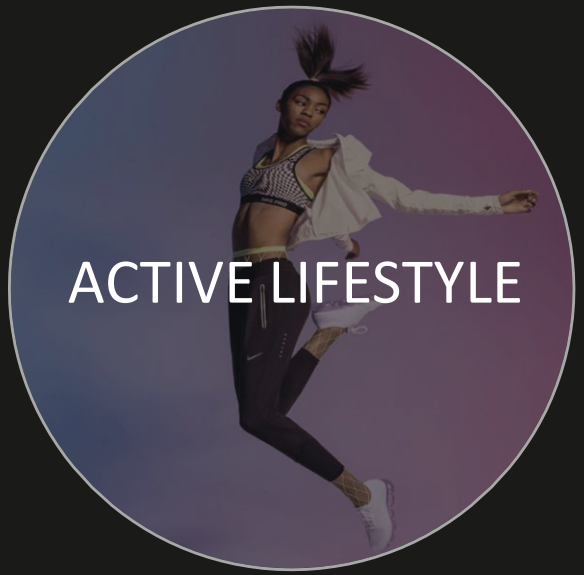
JD FINISH LINE

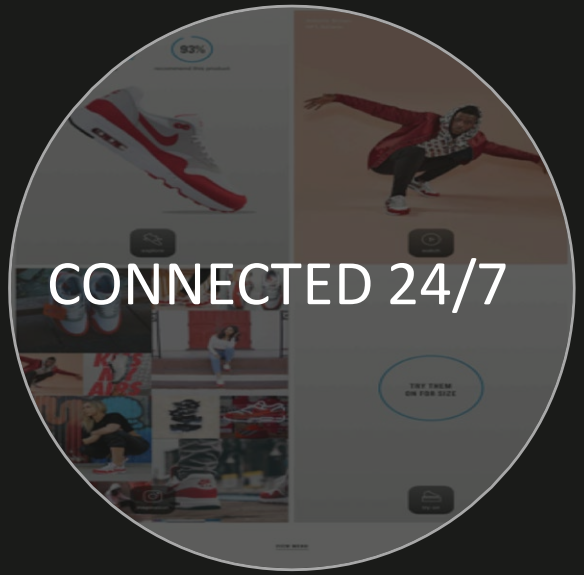
Athletic Footwear, Apparel & Accessories

Deliver the epic finish by bringing the latest and greatest sneakers to market and creating a memorable customer experience

OUR CONSUMER

Focused on buying premium products, on-trend styles





FINISH LINE

BRAND PARTNERS

FINISH LINE

TWO BANNERS - FOUR CHANNELS

JD/Finish Line Stores

- 560 stores
- 5,564 avg. sq. ft.
- 44 U.S. states and Puerto Rico
- Year 3 of aggressive remodel program
  - Beacon (flagships)
  - Store of NOW
  - JD Stores

finishline.com

- 22% of total Finish Line sales
- Omnichannel inventory management
- WGI - We Got It
- BOPS - Buy online pick-up in store
- Commerce enabled app

Finish Line at Macy's

- 374 branded shop-in-shops
- 38 U.S. states, D.C. Puerto Rico and Guam

ecommerce via macys.com

- Online 27% of sales

FINISH LINE

CUSTOMER ENGAGEMENT

LEVERAGE OMNICHANNEL

How We Serve:
True Omnichannel Retail

FINISH LINE

CUSTOMER ENGAGEMENT

MERCHANDISE & STORYTELLING

- On trend, most desirable product offer
- Authentic, credible and authoritative
- Partner with key brands on go-to-market strategy
- **Ensure “right product, right place”**
- Define and deliver a focused and productive apparel and accessory assortment

ORG STRUCTURE - P&A

- SVP of Planning and Allocation
- 2 -Senior Directors of Planning and Allocation
- 1 -Director of Allocation
- 11 -Merchandise Planners
- 16 -Associate Merchandise Planners (Allocators)

FINISH LINE

SUPPORTING
RIGHT PRODUCT, RIGHT PLACE
MP&A + LOGILITY RETAIL OPTIMIZATION

FINISH LINE

ONE SYSTEM
MULTI- FACETED CAPABILITIES
FINISH LINE

A BIT OF HISTORY

- Go live 2008
- Multiple upgrades
  - 2015-with supply chain system
  - 2016-increase functionality
- Multiple banners
- Multiple product categories
- Multiple touch points life item

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ALLOCATION OVERVIEW

COMPONENTS

Work up to Buy

- Select stores
- Allocate qty by Store
- Size by store
- Optimize pre packs and open stock
- EDI order
- Approx 6 months prior to receipt

PO Allocation

- Select stores
- Allocate qty by store
- Size by store
- Allocate pre packs and open stock
- Reserve inventory Web/DC replenishment
- Approx 1 month prior receipt

Reserve Allocation- Replenishment

- Allocate qty to support min pres
- Allocate qty to support FWOS
- Incorporate auto replenishment
- Incorporate FWOS strategy by age
- Post receipt

Key Modules

- Size curves by store by category
- Build pack method
- Forecasting future sales DC inventory

KEY MODULES
REVIEW
FINISH LINE

KEY MODULES

SIZE

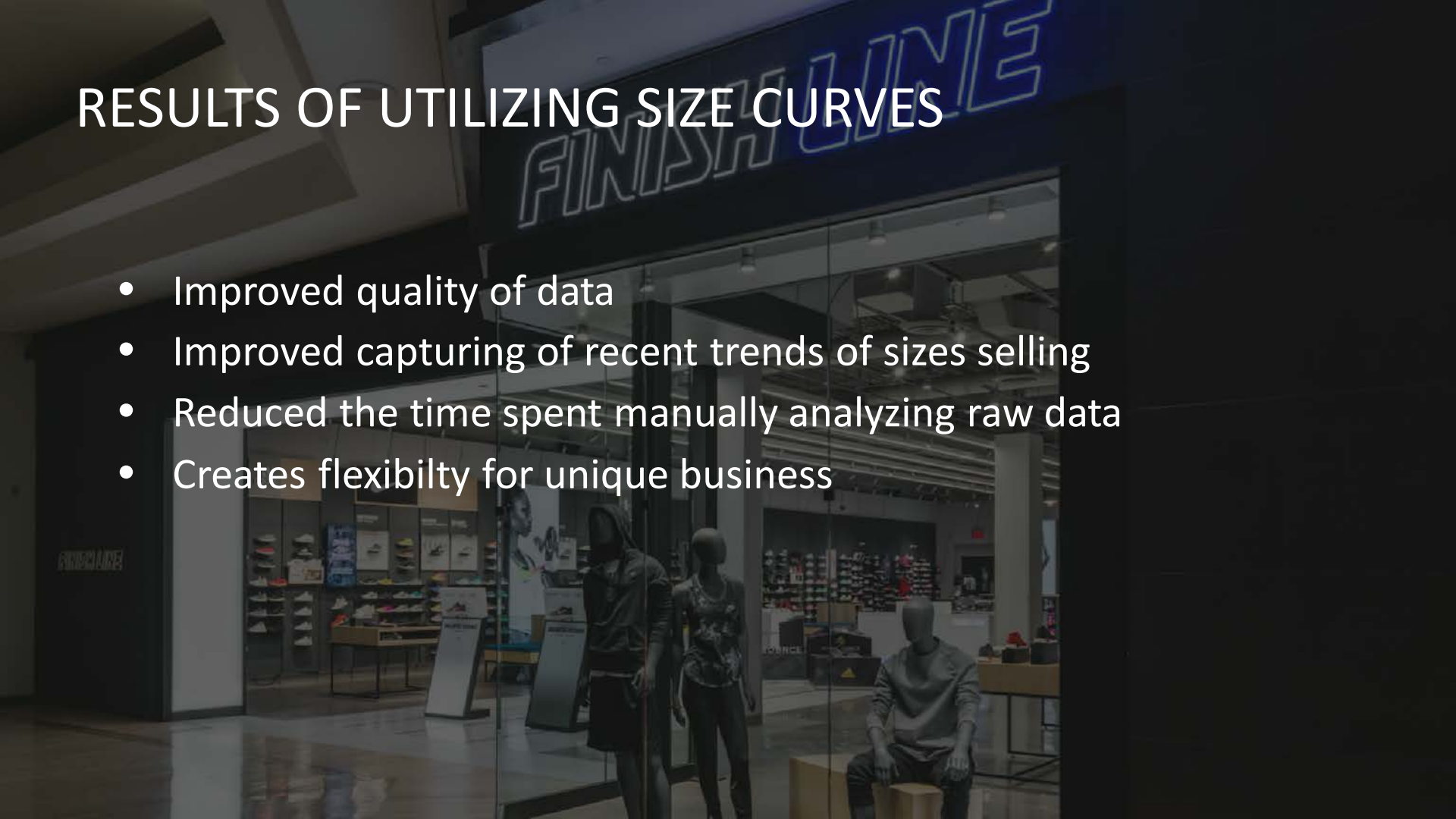
Update size curves weekly-automated

- Multiple options size curves
  - Footwear or apparel
  - By vendor, or classification, options unlimited
- Tolerance settings
- Incorporate best practices default settings
- Create user specific size curve
- Utilize size curves in all phases of the life of an item
  - Create order
  - Allocate PO
  - Replenishment

DEFAULT SIZE CURVE LOGIC

- Rolling 13 weeks
- Capture selling at reg price and first mark down only
- Tolerance to cleanse data
- Go to higher data if not enough data at category store combination

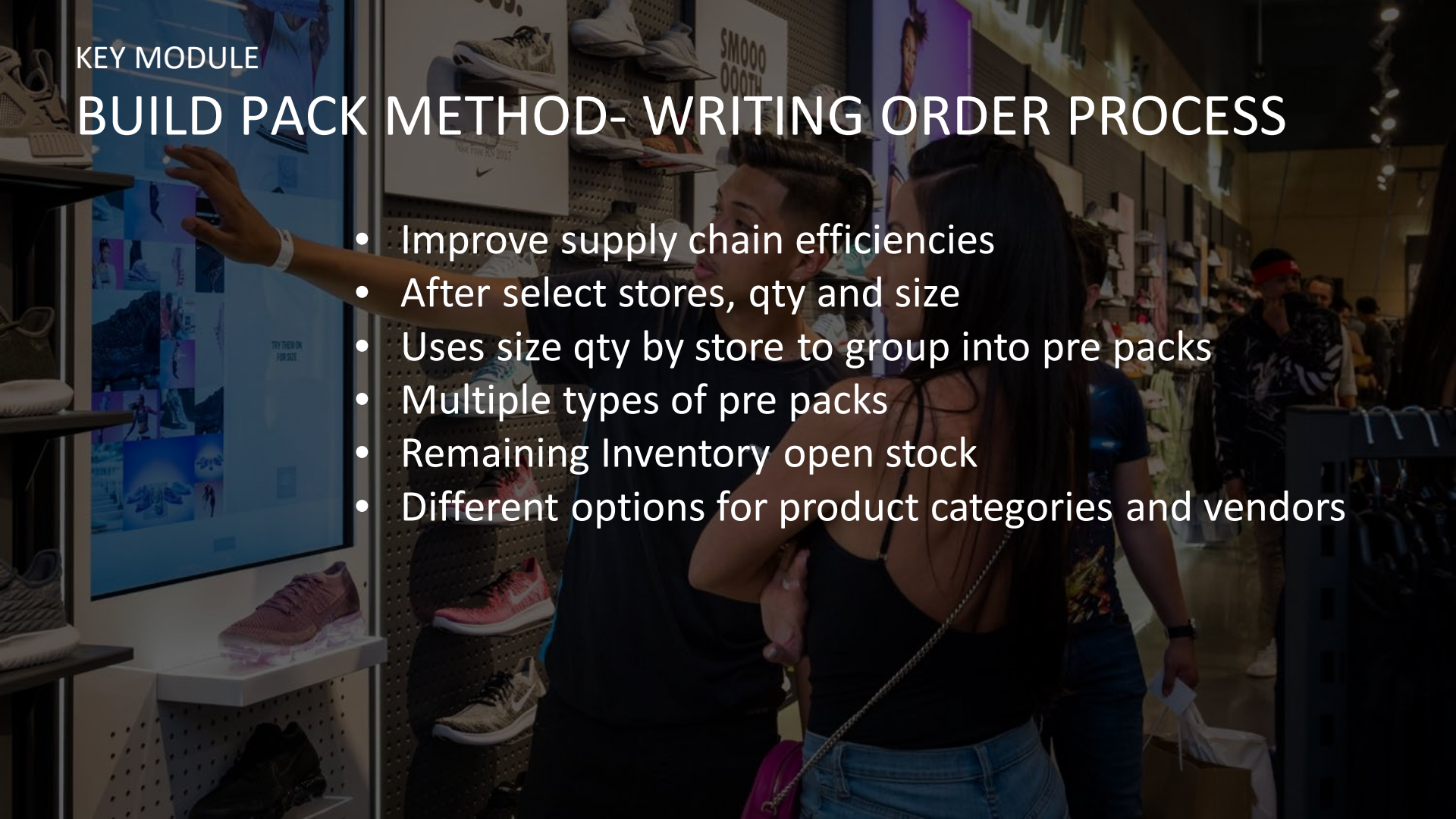
RESULTS OF UTILIZING SIZE CURVES



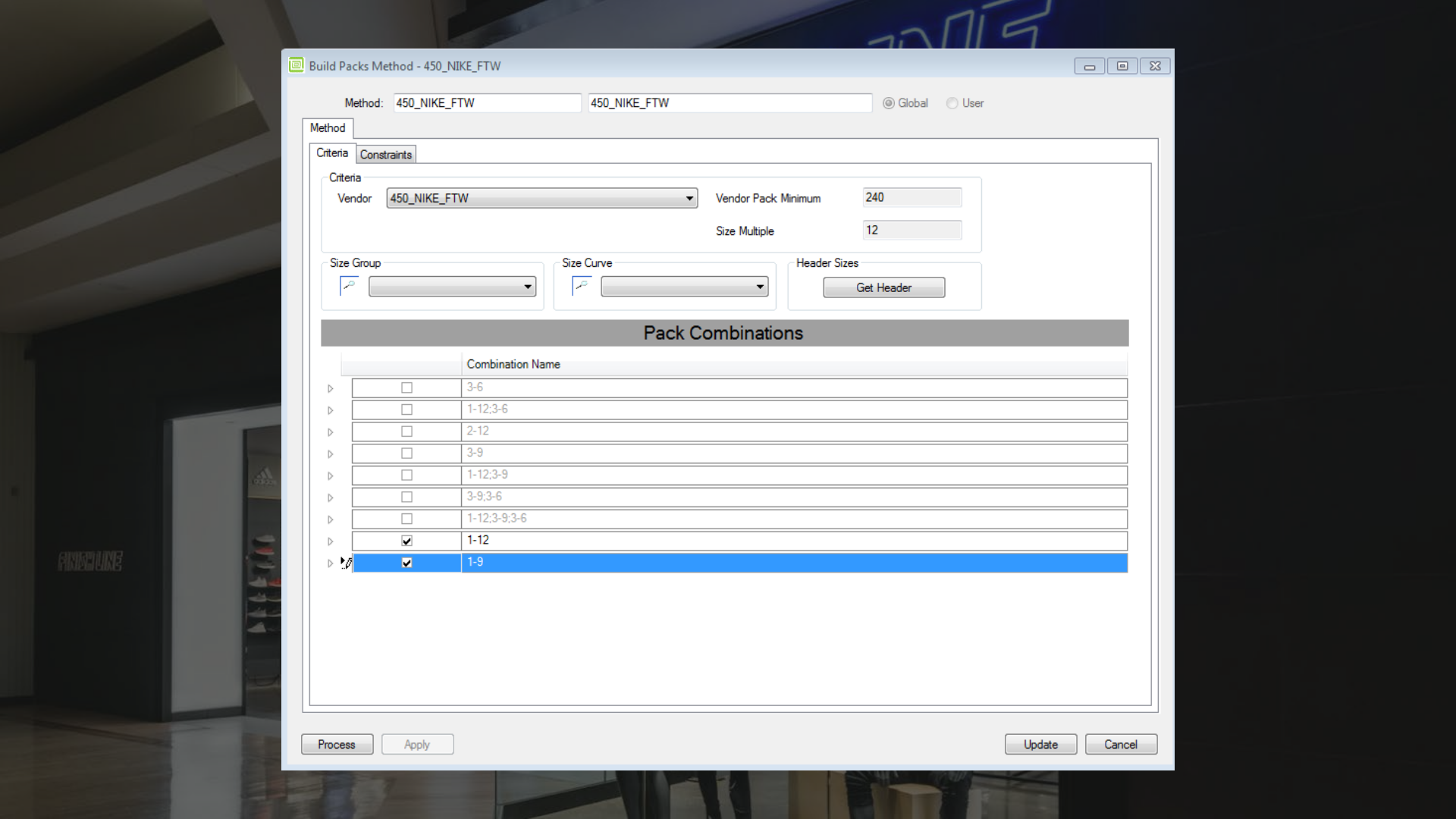
- Improved quality of data
- Improved capturing of recent trends of sizes selling
- Reduced the time spent manually analyzing raw data
- Creates flexibilty for unique business

KEY MODULE

BUILD PACK METHOD- WRITING ORDER PROCESS



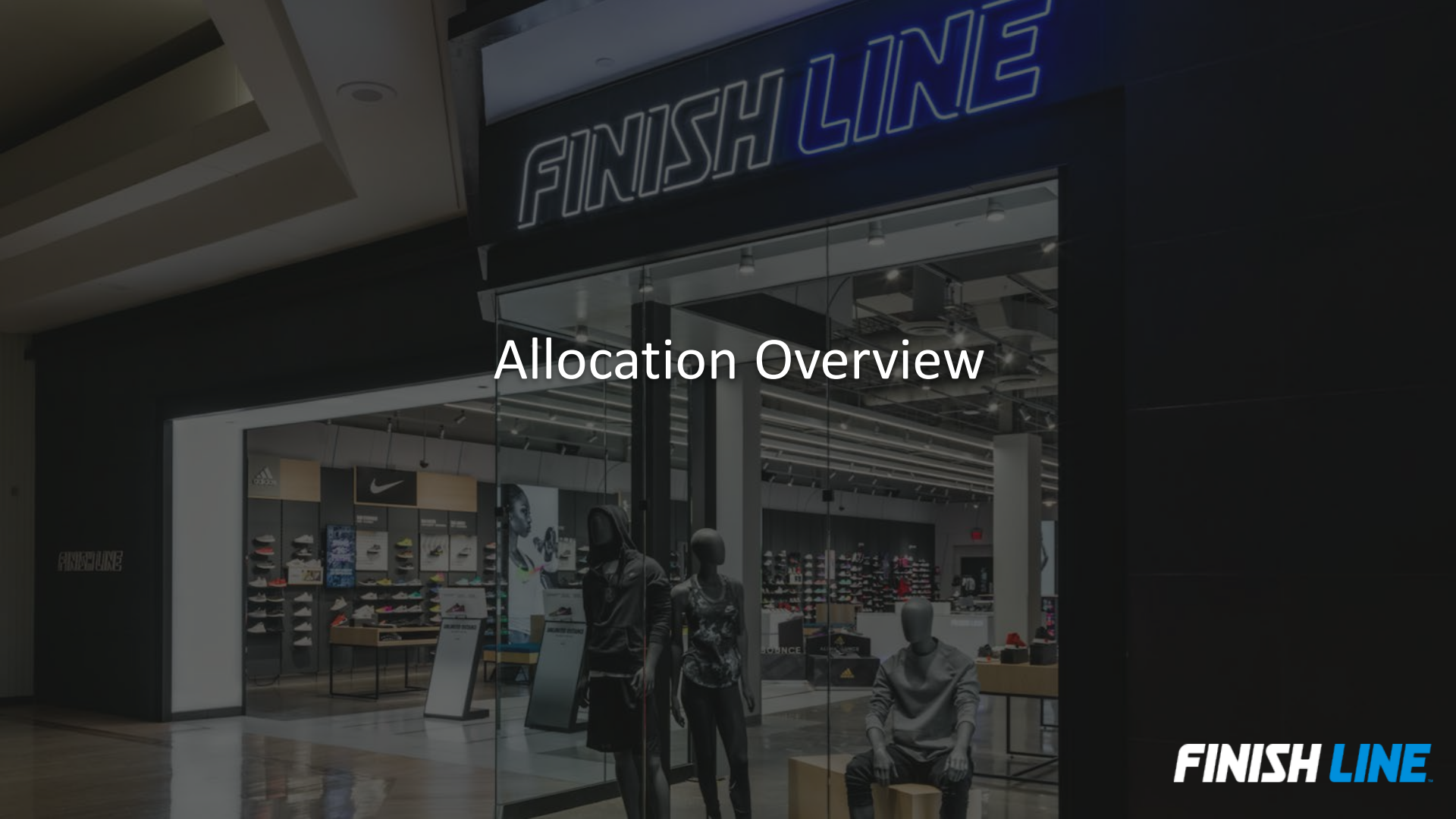
- Improve supply chain efficiencies
- After select stores, qty and size
- Uses size qty by store to group into pre packs
- Multiple types of pre packs
- Remaining Inventory open stock
- Different options for product categories and vendors


Build Packs Method - 450_NIKE_FTW
Method: 450_NIKE_FTW 450_NIKE_FTW Global User
Method
Criteria Constraints
Criteria
Vendor 450_NIKE_FTW
Vendor Pack Minimum 240
Size Multiple 12
Size Group
Size Curve
Header Sizes
Get Header
Pack Combinations
Combination Name
3-6
1-12;3-6
2-12
3-9
1-12;3-9
3-9;3-6
1-12;3-9;3-6
1-12
1-9
Process Apply Update Cancel

KEY MODULES

FORECAST FUTURE SALES

- Style color store forecast
- DC only inventory
- Incorporates seasonality stores
- Future sales focus
- Utilize replenishment- FWOS
- Ensure “right product, right place”



Allocation Overview

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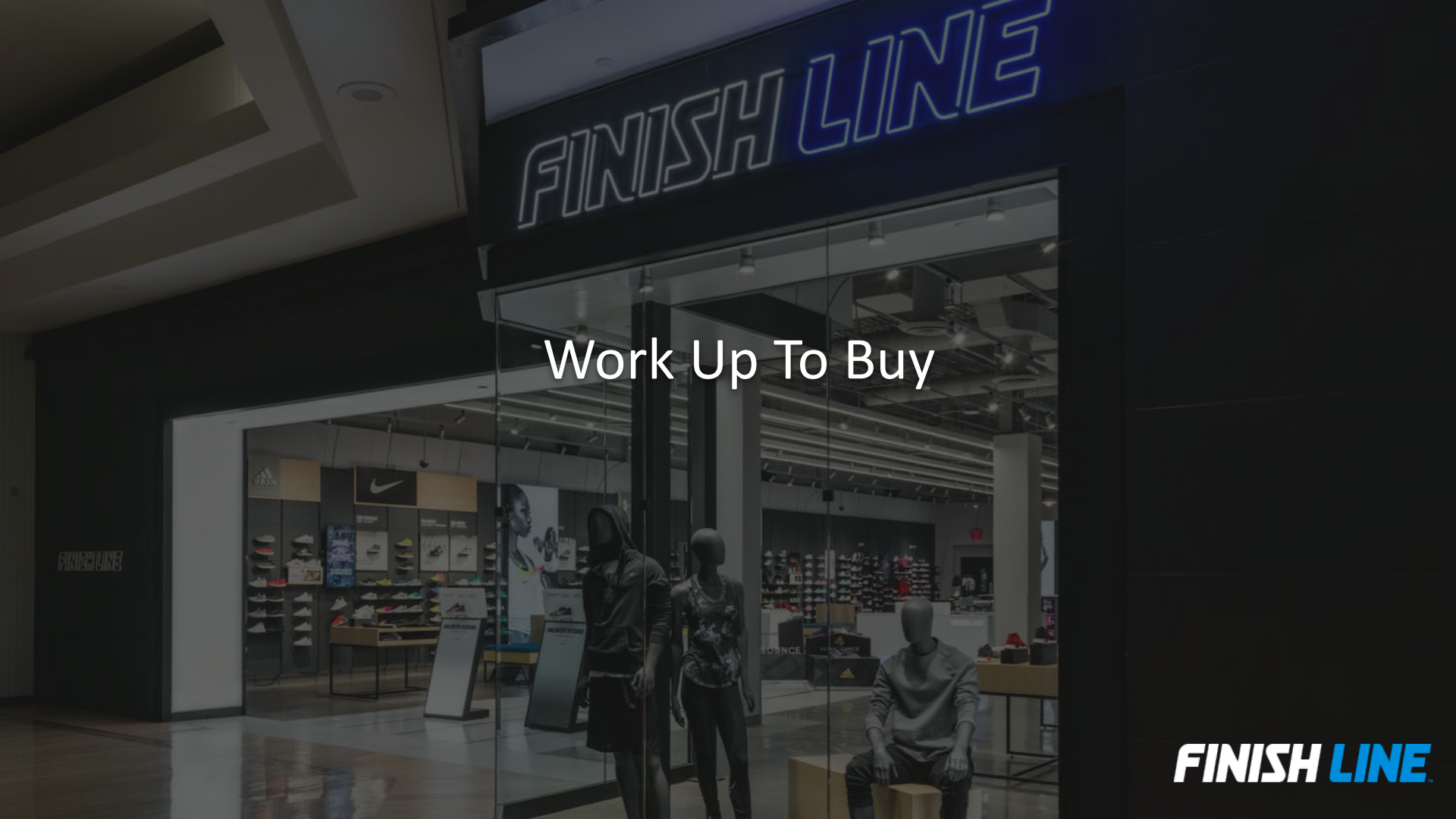
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Work Up To Buy
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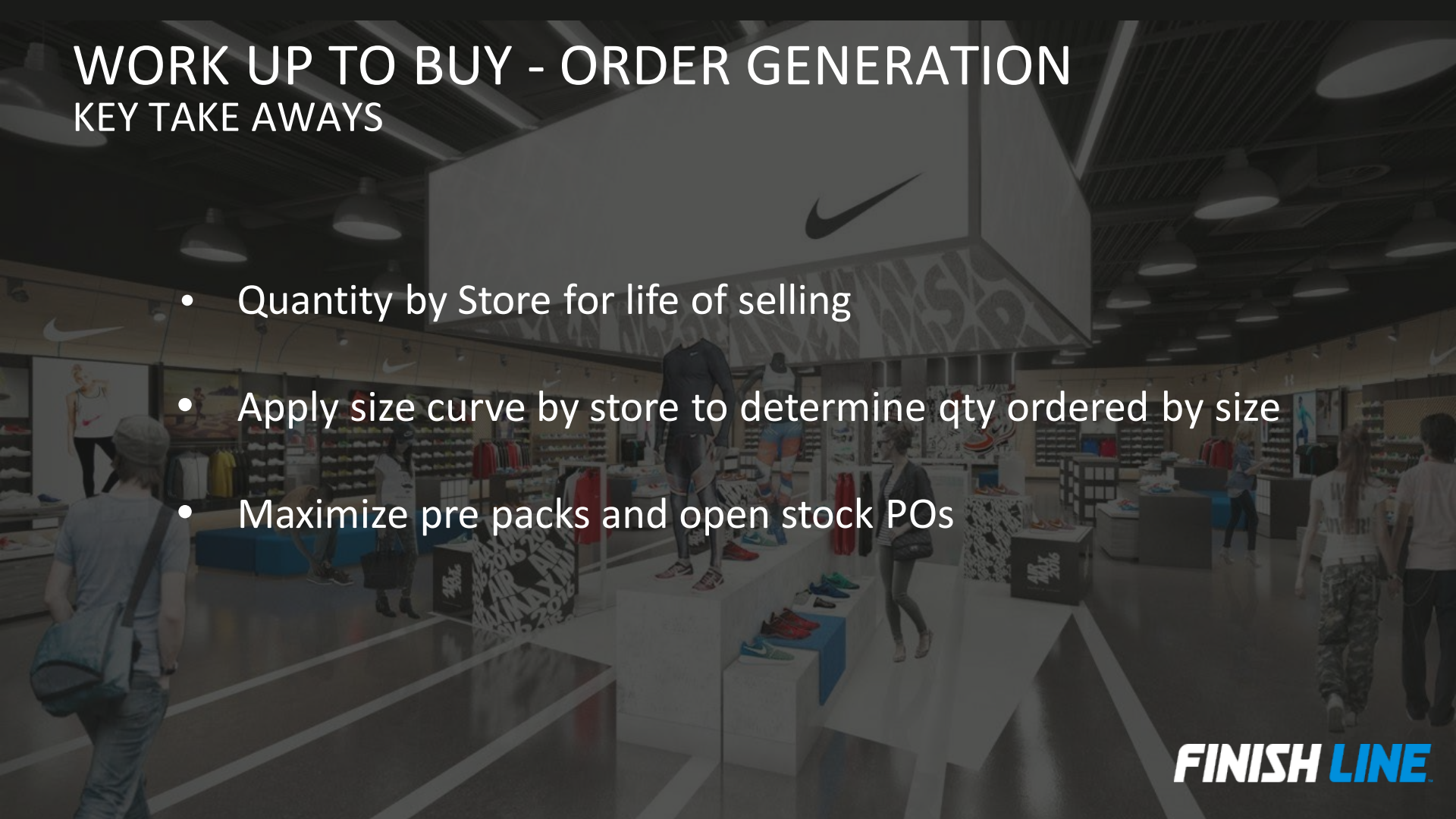
WORK UP TO BUY - ORDER GENERATION
KEY TAKE AWAYS



- Quantity by Store for life of selling
- Apply size curve by store to determine qty ordered by size
- Maximize pre packs and open stock POs

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BUILD SIZES NEEDED BY STORE
TO SUPPORT THE STYLE COLOR BUY

Determine Qty per Store

- Use like item style color selling
- Use high-level selling of category/vendor
- Evaluate seasonality
- Evaluate store grades - leverage average store and sales indexing to allocate

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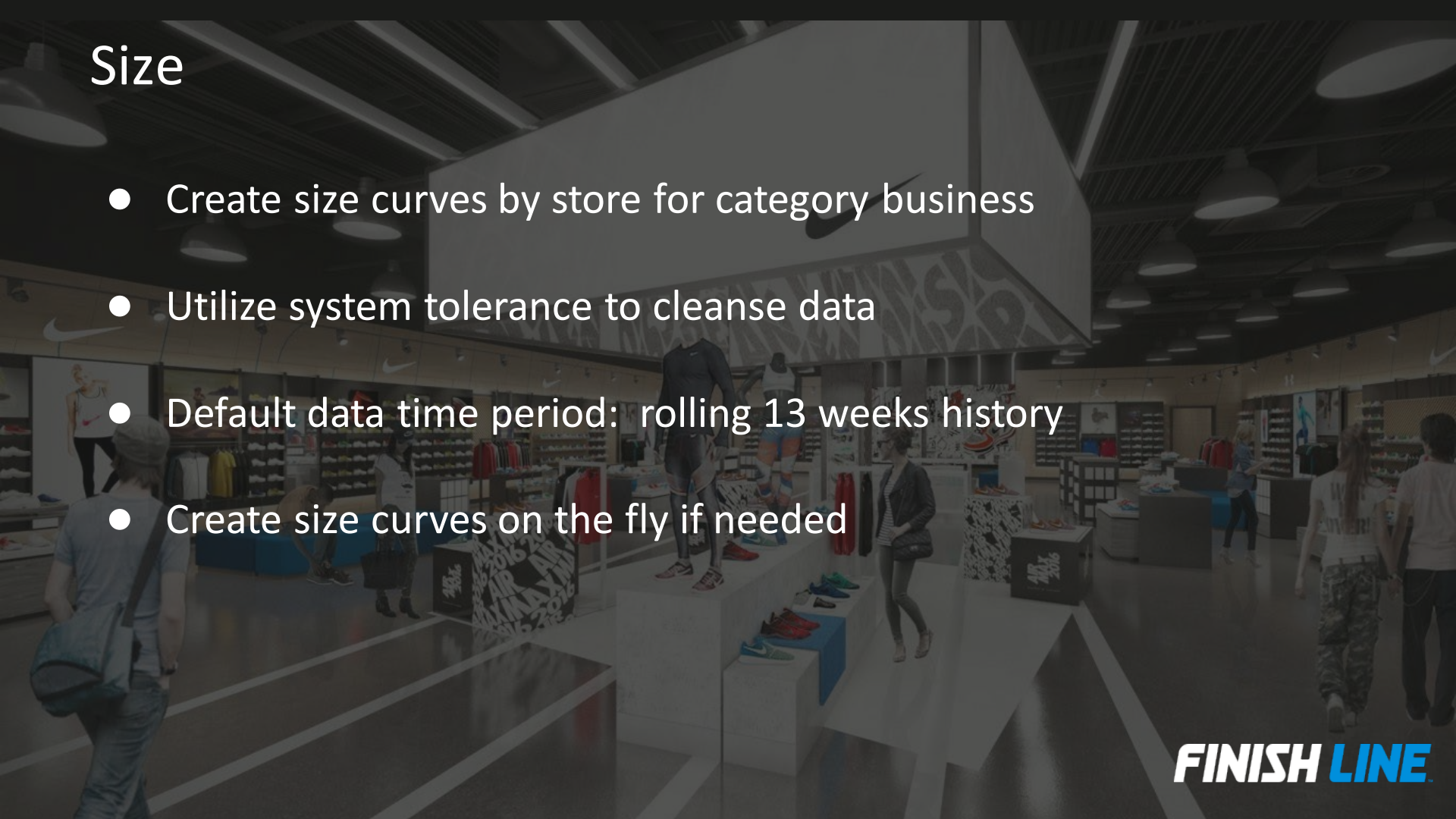
Size

- Create size curves by store for category business
- Utilize system tolerance to cleanse data
- Default data time period: rolling 13 weeks history
- Create size curves on the fly if needed



Build Pack Method

- Uses store size allocation to build pre packs
- Derives multiple iterations of pre packs and open stock
- Create different build packs per vendor

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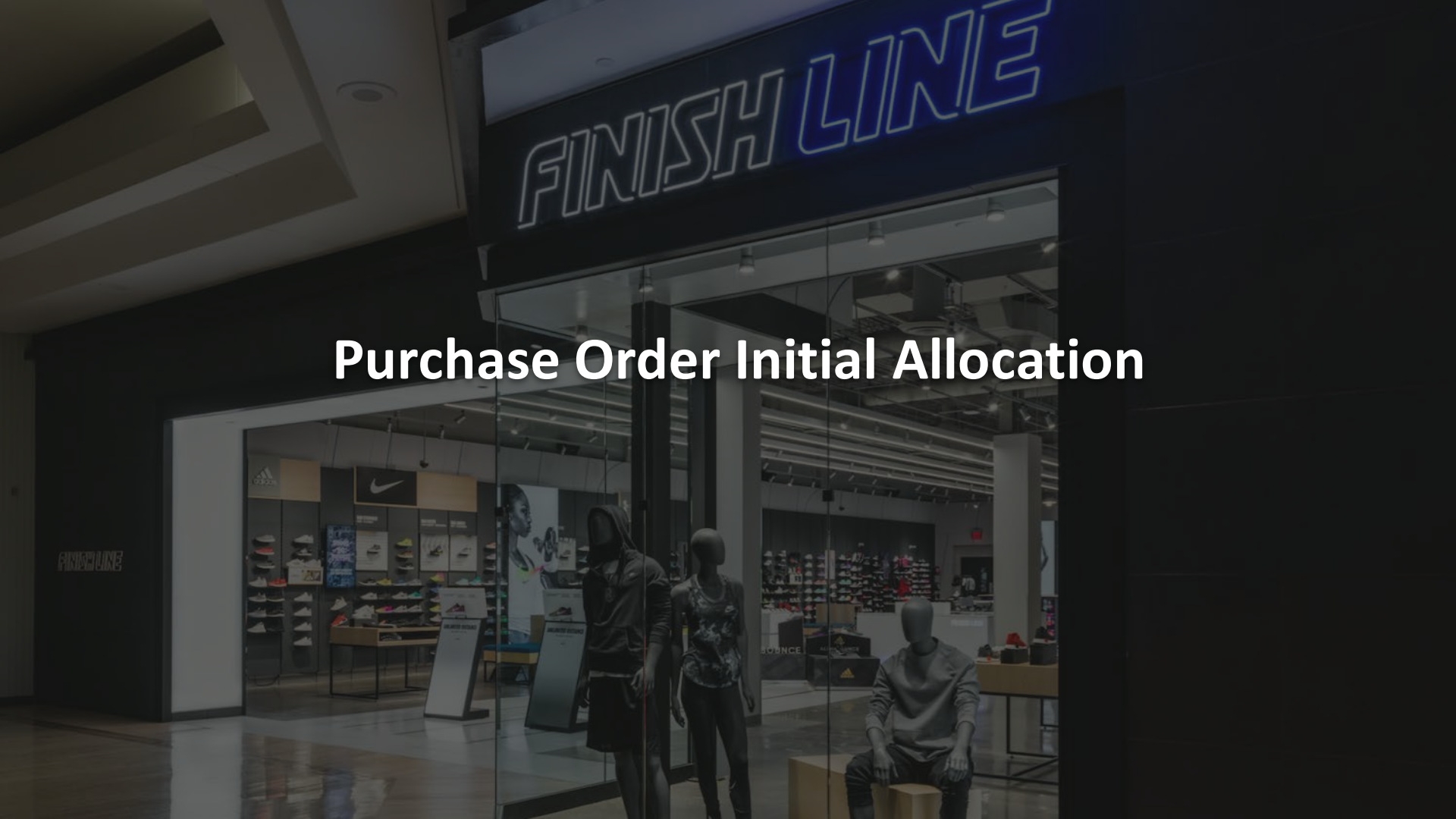
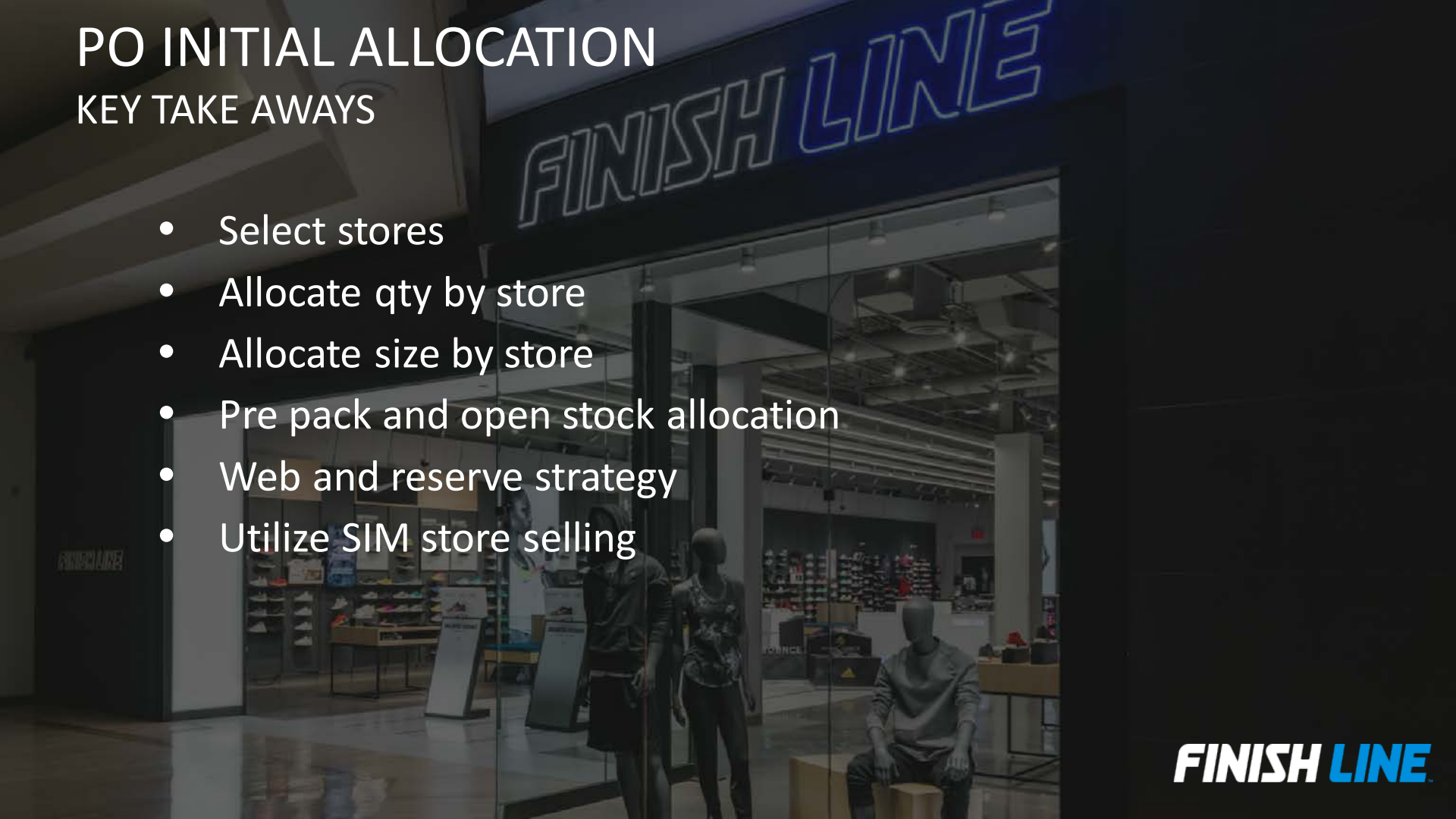


Purchase Order Initial Allocation

PO INITIAL ALLOCATION

KEY TAKE AWAYS



- Select stores
- Allocate qty by store
- Allocate size by store
- Pre pack and open stock allocation
- Web and reserve strategy
- Utilize SIM store selling

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ALLOCATION NEED REVIEW BUSINESS PROCESS

- Review PO allocations high level category of business
- Review stores to evaluate future inventory projections
- Take action on over capacity stores and under inventory stores
- Adjust replenishment strategies as needed

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REPLENISHMENT

KEY TAKE AWAYS

- Manually replenish stores
- Automatically replenish stores to desired strategy nightly
- Main metric: forward weeks of supply
  - Utilizes future sales forecasts for inventory in DC
  - Creates future sales forecast by store by style color
- Minimum presentation
- Size curves

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IMPACT OF RO ALLOCATION

- Analyze instead of execute
- Time savings on replenishment
- Incorporate seasonality of stores: ideal inventory management and flow
- Same system for multiple banners and product category
- Flexible to change as business evolves
- Size improvements increases profits
- Case pack options improves supply chain efficiencies

6 KEY LEARNINGS

1. Change management: invest and build it into the project plan
2. Training: invest and build it into the project plan
3. Subject matter expert: resources for increased bandwidth
4. Data: understand requirements and integration points early in the process
5. Engaged executive sponsor
6. Black-out periods: include in the project plan for both the business and IT

THANK YOU

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