



## Bon Ton Leverages PO Life Cycle Visibility For Continuous Improvement



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*"...Our shipments per purchase order improved in the first year from an average of 3.4 to 1.9, and fill rates also improved tremendously. This has had a huge impact on building productivity, as well as reducing costs. Improved vendor compliance allowed us to reduce our trouble staff by 75 percent. We are a small guy compared to some of our competitors, but Compliance Networks gives us the tools to compete."*

**Jim Rawlins**  
**Senior VP Distribution**  
**Elder-Beerman Stores Corp**

### KEY TAKEAWAYS

Improving supply chain visibility, breaking the cycle of poor vendor performance improves buyer planning, merchandising execution and:

-  Captures lost revenue
-  Improves customer satisfaction
-  Reduces labor costs for resolving problem shipments
-  Reduces shipping costs

## WHY READ THIS REPORT

The inability to detect and predict vendor behavior was adding unnecessary transaction costs and increasing cycle times for Elder-Beerman. They recognized that visibility into all activities within the supply chain was the key to solving their supply chain challenges.

## ELDER-BEERMAN

The Elder-Beerman Stores Corp. sells high quality fashion apparel and shoes for men, women and children, as well as women's intimate apparel, accessories, cosmetics and fragrances. They also offer linens, cookware, china, gifts and furniture. In 2003, Elder-Beerman was purchased by The Bon-Ton Stores Inc., a regional department store chain. Now they are one of the largest independent department store chains operating 142 stores in 16 states under the Bon-Ton and Elder-Beerman names

## THE CHALLENGE

Elder-Beerman (EB) sensed that if they could optimize the flow of merchandise through their supply chain overall profitability and customer satisfaction would grow. However EB didn't have the visibility and reporting capabilities in place to identify which vendors were performing well and which were performing at substandard levels.

Some of the challenges they faced included:

Challenge	Opportunity
Multiple shipments per PO	To reduce freight costs per PO
Excessive trouble shipments	To reduce trouble shipments could reduce the manpower costs for auditing and processing these shipments
Low fill rates	Improve fill rates to meet merchandise plan objectives
Overall distribution center inefficiency	Identify problem areas within the supply chain and proactively address them on a case by cas basis

## THE EVALUATION PROCESS

EB began putting together a strategic plan to leverage technology to improve their vendor compliance process.

After an extensive evaluation on whether to build their own solution or purchase one, EB selected Compliance Networks' **rCMS** vendor compliance management solution.

*“We initially considered writing our own system, but seeing the **rCMS** solution spelled a quick end to that alternative,” said Jim Rawlins, senior vice president of distribution for Elder-Beerman. “We knew a proprietary system would take some time to write internally; and balanced against our other projects, it just didn’t seem to make sense. Compliance Networks’ gain sharing model made it an easy decision.”*

Since **rCMS** is a SaaS, EB was able to reduce the expected start-up costs associated with a typical software implementation. *“By taking advantage of Compliance Networks’ hosted environment, we didn’t have to concern ourselves with any hardware, software or technical issues,”* said Jim Lance, Chief Information Officer of Elder-Beerman and Bon-Ton. *“They came in and did everything for us so we could focus on improving the flow of merchandise through our supply chain. Compliance Networks made it almost too easy for us.”*

## **rCMS**

**rCMS** provided a rapid implementation and the impact was almost immediate. With the increased visibility available through **rCMS**, EB was able to detect disruptions in the supply chain flow, hold their trading partners’ accountable, and equipped EB staff to take corrective action before problems reached the store floors.

Profitability improved quickly as well as customer satisfaction. In fact the increased visibility gave them the ability to recover six months’ worth of prior costs from vendors within the first two weeks of going live

**rCMS** delivered supply chain visibility, improved vendor performance and put EB on the path of continuous improvement.

*“Compliance Networks completed a smooth implementation in about 90 days. **rCMS** doesn’t miss a thing – but vendors recognize and seem to appreciate the accurate feedback.”*

**Bob Yates**  
**Director of Vendor Compliance**  
**Elder-Beerman Stores Corp.**

Initial Challenge	The Initial Impact of rCMS
Multiple shipments per PO	Shipments per PO were reduced by 50%
Excessive trouble shipments	Problem shipments were reduced to the point that EB was able to reduce audit staffing by 75%
Low fill rates	Improved fill rates
Overall distribution center inefficiency	<ul style="list-style-type: none"> <li>• Improved vendor certification</li> <li>• Violations were quickly identified and remediation efforts were initiated with vendors</li> <li>• Violations and exceptions were documented and these failure reports were automated to their trading partners,</li> <li>• The automated process significantly improved credibility, and</li> <li>• Promoted collaboration throughout the supply chain with               <ul style="list-style-type: none"> <li>○ company's merchants,</li> <li>○ distribution center personnel, and</li> <li>○ the vendor community.</li> </ul> </li> </ul> <p>As a result, the vendor community adopted a more proactive approach which improved overall performance.</p>

*“This allowed us to quickly understand who our better-performing vendors were and concentrate on working with the poorer performers. As a result, the performance of all the vendors improved,” he says. Thanks to the visibility rCMS provides, “I feel that I now know our vendors better than our merchants do.”*

**Bob Yates**  
**Director of Vendor Compliance**  
**Elder-Beerman Stores Corp.**

## ABOUT COMPLIANCE NETWORKS

Compliance Networks is a leading provider of proven, private-cloud vendor performance solutions for retail supply chain excellence. Since 2000, our suite of solutions has enabled enterprises to improve profitability through continuous improvements in supply chain execution.

If you’d like more information or case studies of the impact of VENDOR PERFORMANCE OPTIMIZATION PROCESS, visit us at [www.compliancenetWORKS.com](http://www.compliancenetWORKS.com), drop us an email at [info@compliancenetWORKS.com](mailto:info@compliancenetWORKS.com), or call us at **877-267-3671**.