GRUPO FAMSA

OUTFITTING END-TO-END PROCESSES FOR GREATER EFFICIENCY

QUICK FACTS

Industry
Retail

Revenue
US$1.3 billion

Employees
18,200

Headquarters
Monterrey, Mexico

Web Site
www.famsa.com

SAP® Solutions and Services
SAP® Merchandising for Retail and Wholesale Distribution package

Implementation Partner
Soluziona (now part of Indra Sistemas S.A.)

Operating in Mexico and the southwestern United States, Grupo Famsa S.A.B. de C.V. is a large retailer of household goods and financial services. To consolidate and automate its clothing unit, Grupo Famsa chose the SAP® Merchandising for Retail and Wholesale Distribution package. By incorporating best practices embedded in the software, the company has improved visibility into and control over its inventory, ensured timely merchandise delivery, and cut costs for logistics and warehouse administration.

Key Challenges

- Consolidate disaggregated clothing operations to foster rapid growth
- Establish well-defined processes to increase efficiencies
- Provide timely, centralized access to merchandising information

Why SAP Was Selected

- Broad industry experience
- Embedded industry best practices
- Strong partner ecosystem that provided high-quality consultants
- A clear long-term strategy for future industry support

Implementation Best Practices

- Created a strong implementation team that included top performers in the organization
- Defined a sound implementation strategy with clear milestones
- Selected consultants who had expertise in the retail industry and were a clear cultural fit with Grupo Famsa S.A.B. de C.V.
- Worked with partner to adopt best practices rather than using old processes

Low Total Cost of Ownership

- Finished project on time and on budget
- Eliminated legacy systems
- Managed product scope tightly

Financial and Strategic Benefits

- Reduced logistics expenses by centralizing merchandising operations and creating new processes
- Improved visibility into inventories
- Increased economies of scale
- Significantly reduced merchandise delivery freeze due to late payments
- Increased inventory automation for some lines of clothing

Operational Benefits

- Reduced clothing logistics expenses
- Decreased costs for merchandise quality
- Improved store employee efficiency
- Reduced warehouse administration costs

"After the SAP implementation, it is now easy to manage 100 stores, versus the 20 we had before."

Sergio Salinas, Director of Clothing Business Unit, Grupo Famsa S.A.B. de C.V.

www.sap.com/contactsap

Since opening its first store in 1970, Grupo Famsa S.A.B. de C.V. has become a major Mexican retailer of household goods and a leader in credit sales. With more than 390 stores, the company has a presence in 77 Mexican cities and, since 2001, 24 cities in the United States. The company has 9 distribution centers, which receive products directly from suppliers, and 32 transfer centers.

In addition to selling furniture, clothing, appliances, electronics, jewelry, automotive products, sporting goods, and travel services, Grupo Famsa offers basic financial services. These include banking services through Banco Ahorro Famsa, which the company established in 2007.

In recent years, Grupo Famsa has achieved growth through an aggressive strategy for opening new stores. While clothing sales are a major driver for this strategy, the company's clothing unit had become encumbered by poor inventory visibility and control, fractured logistics processes, and limited data that compromised its decision making.

"We required a modern IT platform that could consolidate our clothing operations and foster the rapid growth that we had planned," says Sergio Salinas, director of the clothing business unit at Grupo Famsa.

Incorporating Industry Best Practices

After carefully evaluating several options, Grupo Famsa selected the SAP® Merchandising for Retail and Wholesale Distribution package as its clothing unit platform.

"We saw that SAP software could quickly deliver best practices to our operations," Salinas says. "Also important were SAP's strong partner ecosystem, from which we could draw high-quality consultants, and its clear long-term strategy for supporting the retail clothing industry."

The implementation was completed on budget and on time in eight months. Grupo Famsa benefited from a strong implementation team that included high-performing employees from each related business area. Also important was the company's well-conceived implementation strategy, which provided clear project milestones.

"We selected consultants with strong expertise in the retail industry and superior knowledge of SAP products who were also a good cultural fit for the project," Salinas notes. "We also worked closely with Soluziona [now part of Indra Sistemas S.A.], our implementation partner, to ensure that we adopted new industry best practices."

Improving Inventory Visibility, Quality, and Reliability

SAP Merchandising for Retail and Wholesale Distribution has helped Grupo Famsa consolidate and streamline its clothing operations with well-defined business processes.

"We have obtained a cleaner operation through process integration," says Grupo Famsa CIO Oscar Recio. "This has increased operational visibility at the store level, improved inventory quality, and enhanced accountability of vendors in delivering merchandise on time. The greater centralization and new processes have also improved economies of scale, reducing logistics expenses."

Expenses to ensure merchandise quality have been trimmed, and costs for warehouse administration have fallen. Employee efficiency has also improved.

Grupo Famsa hopes to use the new platform to automate clothing purchases, including the purchase of items that are more fashion-related and require more sophisticated planning. By next year, the company expects to deploy the platform in some of its nonclothing merchandising areas as well.

"We see the centralizing and automation of merchandising as a continuous process that will give us added value for our SAP investment," Salinas says. "In addition, we can adopt business strategies based on reliable, real-time data, which is critical in the highly competitive retail environment."

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