



How Van Gils is reshaping their future with Smart Supply – a perfect-fit stock management solution

It's no secret that fashion retailers are struggling. Smart ones, like Van Gils menswear, are taking innovative measures to turn the tide in their favour. Van Gils recently implemented the Smart Supply stock optimisation solution from ChainBalance in parallel with a brand new ERP system.

Smart Supply automates and optimizes stock allocation and replenishment and provides valuable data to improve strategic decisions. It also lays the groundwork for moving towards a Vendor-Managed Inventory model. Van Gils is one of the first to apply this in the fashion industry, and believes it will give them a strong competitive advantage.

THE NUMBERS

About Van Gils:

- Best Dutch tailor since 1948
- 2017: New strategic direction

About the pilot:

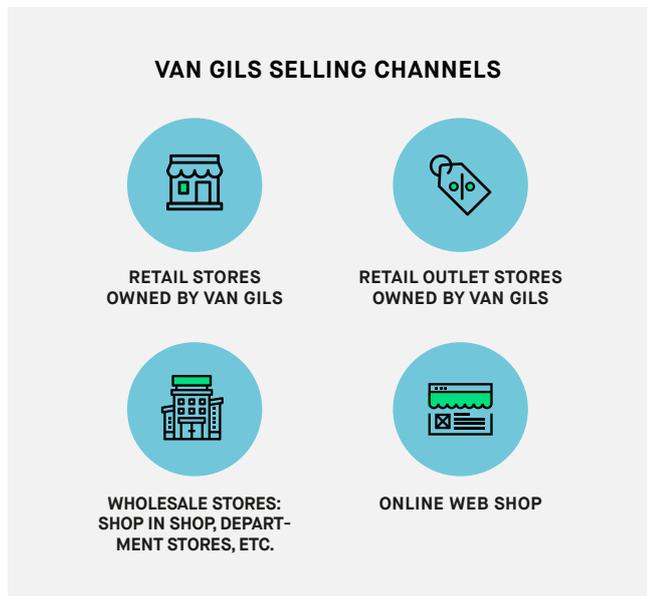
- Implemented in just 4 months
- Deal closed in September 2018, live in December 2018

Benefits of Smart Supply:

- Dynamic and result-oriented approach
- Replenishment solution that reflects consumer behaviour
- Tremendous reduction in man hours
- Better information to make business decisions
- Gives information to successfully move to a VMI approach
- Flexible partner
- Straightforward and easy to use system
- Helps achieving future goals

Van Gils: the best Dutch tailor since 1948

For over seventy years Van Gils has been an iconic Dutch fashion brand for the style-conscious man. It began as a noble endeavor. In 1948, Miel van Gils set up his own tailoring shop to provide the people of his village in Brabant with new clothing and an opportunity to work. Today Van Gils is a popular brand across the globe, characterised by quality, unique details and a distinctive style. Stemming from the conviction that every man feels confident in a stylish suit, Van Gils offers perfectly cut suits and more at an affordable price.



Like many longstanding brands, Van Gils has struggled to remain relevant and competitive during the last decade. In 2017, the company brought Laurens Jan Blok in as their new CEO and in 2018, Steven Dales was brought on as COO & CFO, to set a new strategic direction for the company. Steven was tasked with modernising the company's outdated processes and financial business models to make the organisation more profitable and scalable.

Van Gils currently sells its products through 4 different channels:

- Retail stores owned by Van Gils
- Retail outlet stores owned by Van Gils
- Wholesale stores: shop in shop, department stores, etc.
- Online web shop

Revamping operational efficiency

"Before we could even think about expanding our business, we had to improve the efficiency of our processes," says Steven. "We had a simple software program for allocating and replenishing inventory, but a lot of the figures had to be entered manually and put in Excel files. Our Merchandising Manager and his colleague spent most of their time each week on these tasks. We could also see that we were losing sales in certain stores but we didn't have the data to back this up. All of the supply chain and logistic processes had to be modernised as well."

Van Gils began by tackling three fundamental projects: a new SaaS-based ERP system, new e-commerce platform and new allocation and replenishment (stock management) solution. For the latter, Van Gils began speaking with candidates in June 2018. The goal was to have the new stock management solution up and running by December 2018 and then implement it with the new ERP and e-commerce platform in February 2019. Speed was of the essence because the system chosen had to be in place before ordering the next season's collection.

"The ChainBalance team was enthusiastic and had a positive energy. We felt an immediate connection with them"

CFO Steven Dales

Implemented in just 4 months

There was a clear difference between the candidates. Some took a very corporate approach, involving multiple consultants, weeks of development and a full year to implement, while others were more dynamic and result-oriented. "The ChainBalance team was enthusiastic and had a positive energy. We felt an immediate connection with them," says Steven. "They understood what we wanted and shared our vision for the future. They could also act quickly." The deal was closed in September 2018 and Smart Supply went live in December 2018.

Why Smart Supply?

Van Gils chose the Smart Supply solution from ChainBalance to automate its entire stock allocation and replenishment process. Unlike one-on-one replenishment solutions, Smart Supply determines stock targets based on actual sales transactions, available stock and individual store settings. The software uses an advanced algorithm to calculate the stock target levels of every SKU on a daily basis, creating orders overnight to realise these levels in each store. This approach to replenishment better reflects actual consumer purchasing behaviour for individual stores to boost profitability.

"Smart Supply has cut the time I spent on stock replenishment in half and I expect it to go down even more in the months to come. It has reduced work for my colleague even more."

Merchandising Manager Eric Sijms

"It's not a question of should you automate your stock management process, it's a question of how quickly can you do it and start gaining advantages from it. Smart Supply is really a pre-requisite for helping ourselves and our wholesale customers achieve our future goals. We have every confidence it will help us do just that."

CFO Steven Dales

Efficiency

Before Smart Supply, Van Gils Merchandising Manager, Eric Sijms, was spending two or three days a week managing stock allocation and replenishment for Van Gils' own retail channels (5 retail stores, 23 shop-in-shops and 3 outlet stores) and his colleague was spending about 75% of his time handling Van Gils' wholesale customers. They had a simple computer system that showed what stores were selling, but there was no other information to put it in perspective. Eric: "We spent a lot of time making decisions based on our own gut feeling, and that was incredibly time-consuming. Now the system does all of that for us. Smart Supply has cut the time I spent on stock replenishment in half and I expect it to go down even more in the months to come. It has reduced work for my colleague even more."

There was about a month overlap when both Smart Supply and the previous stock management system ran in tandem. That gave Eric a chance to compare the suggestions from both systems with each other. "By the second week we could already see the difference between the two systems. The actions recommended by Smart Supply made a lot of sense, based on what we know about different stores and locations. I really trust this system and that's important when it's steering your whole process."

Scalability

"By automating the collection and analysis of our stock data for all our different sales channels, Smart Supply makes our organisation scalable, one of our strategic pillars," says Steven. "We can now make decisions about all of our stores in a fraction of the time it took before. And we can easily plug in new retail stores, outlets or wholesalers to the system with little effort. We have already seen a tremendous reduction in man hours, and I expect a boost in our profitability which will fund the project."

"Smart Supply gives us much better information in general to make business decisions. It also gives us the information we have been missing to successfully move to a VMI approach."

CFO Steven Dales

Competitive advantage

Another strategic initiative that Steven is exploring is Vendor-Managed Inventory (VMI), a successful business model used by Walmart and other retail businesses. Simply put, the vendor manages the inventory for its wholesale customers and both partners share the risk around the inventory as well as the benefit from the turnover increase. Although this model is widely used in many retail industries, the fashion industry has been slow to adopt it. The key to making VMI work is to collaborate to have accurate, up-to-date and detailed inventory data by SKU for each individual retail store.

"Smart Supply gives us much better information in general to make business decisions. It also gives us the information we have been missing to successfully move to a VMI approach," says Steven. "About 20 of our wholesale customers have already signed on with this model for fall/winter 2019 and they are quite open to this approach. We believe that VMI is going to increase sales volume, creating a win-win situation that gives both us and our wholesale customers a real competitive advantage in our space."

Flexible partner

Just two months after Smart Supply was implemented at Van Gils, the ChainBalance team had their next challenge of implementing it with their new ERP system via the system's application programming interface. This involved a lot of intensive effort, but it went live as planned. Eric: "Our fast implementation of ERP meant a lot of extra work for ChainBalance, but they were really supportive. They were always thinking along with us and were available when we needed them. They even developed an alternative SKU feature for our outlets that is really useful."

ChainBalance provided 3 training sessions for the Van Gils team on Smart Supply. Eric: "If you understand merchandising, you will quickly learn this system. It's straightforward and easy to use."

Ready for the future

Looking ahead, Van Gils expects Smart Supply to play a key role in helping them improve performance and meet their growth targets. Steven: "It's not a question of should you automate your stock management process, it's a question of how quickly can you do it and start gaining advantages from it. Smart Supply is really a pre-requisite for helping ourselves and our wholesale customers achieve our future goals. We have every confidence it will help us do just that."

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