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Sports Store, Inc. (SSI) is a start-up privately-owned sporting goods company which opened in 2010. Sports Store, Inc. (SSI) is committed to continuous improvement and delivering exceptional value to their stakeholders. The company is dedicated to building the next generation of sporting goods stores through the strategic selection of products, partners and markets by utilizing an effective consolidated global supply chain.

SSI has more than 100 private label products which are distributed via (5) catalogs quarterly. They have 25 offices in North America and over 10,000 employees. SSI values collaboration and has built a dependable network of national partners to support manufacturing, product development, supply chain and sales. However, due to a non-centralized procurement system, SSI has significant inefficiencies due to its highly manual processing of purchase orders (PO's). This results in errors, high overhead and poor supply chain visibility. Despite this, SSI has had a record year with 20% increase in sales. SSI has local quality control teams but they do not interact with each other on a national level. Therefore, duplications have been unavoidable and there is no standardization, proper feedback or branding for training. No financial incentives have been formalized for PO handlers which results in high turn-over. Performance is based on timeliness and accuracy. In addition, due to limited catalogs and lack of online distribution, SSI is having difficulty scaling their catalog solution globally.

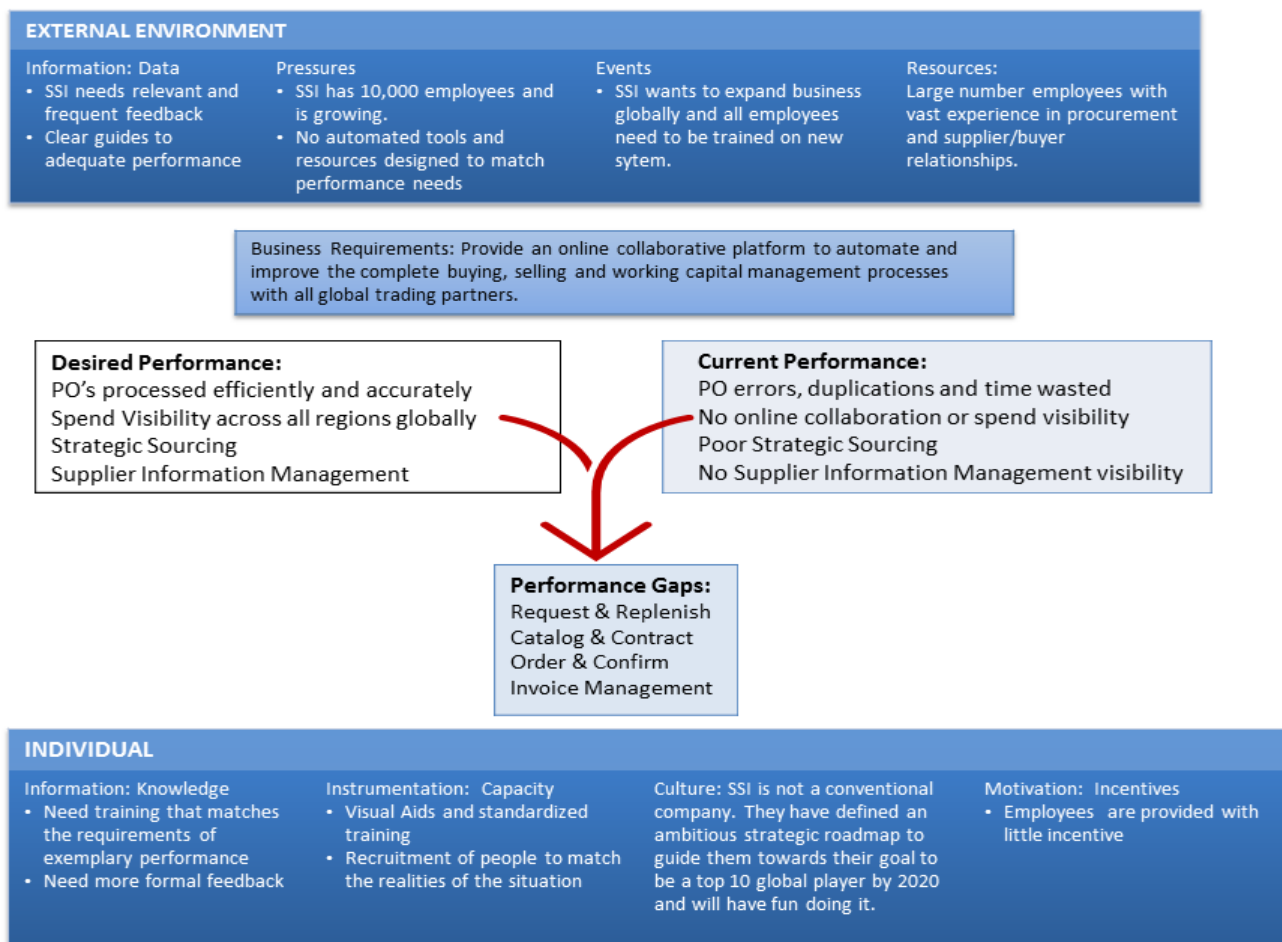
In June 2015, SSI announced its' plan to launch 3 global sporting goods stores over the next 5 years. SSI contacted Ariba, the best in class global procurement organization, to lead SSI's global expansion. Ariba covers the end to end processes and provides the most comprehensive set of functionality available in the market. As part of the Ariba consulting team, we will work with the CFO, under guidance of the CEO, to monitor the progress of the

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expansion ensuring that the project is being undertaken in the most efficient and cost-effective way.

As first steps to the expansion, this performance analysis will focus on the non-centralized procurement process and specifically its' inefficiencies. Though this report focuses primarily on the non-centralized procurement process of SSI, many of the performance issues will relate to Ariba's ability to help SSI long-term in its capacity to buy, sell, and manage cash flow in a collaborative network. Ariba's network automates and utilizes cloud buying, selling, and working capital management processes with global trading partners.

Figure 1: Sports Store, Inc. (SSI) Performance System



This diagram is based on the Organizational Human Performance System suggested by Stolovich and Keeps (Training Ain't Performance, p. 30).

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Performance Issues

In addition to the inefficient use of resources (people) to track overall process, additional problems from a non-centralized PO system include:

- **Request & Replenish** issues based on manual request process from supplier/buyer.
- **Catalog & Contract** issues due to home grown inventory, limited catalogs and difficulty in scaling.
- **Order & Confirm** issues due to manual transmission of PO's create a lack of visibility into supply chain visibility.
- **Invoice Management** issues due to lost PO's, errors, duplications. Lots of time matching and a lot of time managing invoice exceptions.

Performance Gaps

The biggest performance issue is the tremendous inefficiencies within the business in the buyer/supplier relationship. The root cause of this issue is that 80% of all transactions are manual and involve some level of paper (i.e. a non-centralized procurement system). Additionally, the reliability of the PO handlers is poor due to no proper feedback, incentives or electronic performance support tools and systems.

Table 1: Performance Gaps

Description	Desired State	Actual State	Probable root cause(s)	Type
Manual transmission of PO's	The procurement system should be automated.	Manual transmission of PO's leads to lost PO's, errors and duplications. Industry says 2% to 3% lost.	<ul style="list-style-type: none"> • Incorrectly filled PO's • Confusion on how to process PO's. • Inconsistency in PO processing times. 	Information Resources Knowledge and Skills
Lack of visibility into supplier order acknowledgement	A centralized procurement system would allow visibility to supplier/buyer.	A number of duplications and errors were found during the PO entering process. Few early payment discounts in place due to visibility.	<ul style="list-style-type: none"> • Lack of spending control due to no visibility into orders • Lack of time to review duplications 	Information Resources Capacity
Confusion over PO's received by/order from suppliers	All PO handlers should be able to accurately enter orders in a timely manner.	The PO handlers were confused as to what orders were given to whom.	<ul style="list-style-type: none"> • Lack of resources to electronic system and tools • No visibility to orders received by or ordered from 	Information Resources
Wasted time matching and managing invoice exceptions	A centralized procurement system would allow invoice management.	Inefficient use of resources (people) to track overall process including exception handling.	<ul style="list-style-type: none"> • Lack of time to manage invoice exceptions • Lack of time to match invoices 	Capacity Resources

Types based on Gilbert's Engineering Model (Stolovitch & Keeps, 2004, p. 39)

Further Investigation Needed

Based on the determined performance gaps additional investigation is needed before solutions to the gaps can be recommended.

Table 2: Proposed Investigation

Performance gap	Investigation Technique/Tool	What you hope to learn
Manual transmission of PO's	Structured interviews with PO handlers, QA/QC team and training leaders	Get their impressions and experiences at processing PO's to get a grasp of the impact of errors and delays
	Documentation analysis of the PO process training, error or backlogs and sales figures	Determine the average length of time needed to process PO's and how it is going to be reduced by automation of PO's
Lack of visibility into supplier order acknowledgement	Structured interviews with PO handlers, QA/QC team and training leaders	Get their impressions and experiences of the issues that lack of spend visibility causes
	Documentation analysis of the supplier order acknowledgement	Review the process used and determine if there are issues in the process Determine what in the supplier order acknowledgement caused confusion
Confusion over PO's received by/order from suppliers	Structured interviews with PO handlers QA/QC team and training leaders	Get their impressions about the PO's received by/order from suppliers process Get recommendations on how to improve the process
	Documentation analysis of the company and performance reports	Review the process used and determine if there are issues in the process Determine what is causing confusion the specifically
Wasted time matching and managing invoice exceptions	Structured interviews with PO handlers, QA/QC team and training leaders	Get their impressions and experiences about the frustrations and wasted time over managing invoices
	Documentation analysis of	Determine how much time and resources are wasted matching and managing invoices exceptions

By addressing the underlying causes, we can increase productivity of PO processing and control costs due to source-to-pay spend management. Ariba's collaborative commerce applications will help address the true underlying causes which will result in overall performance wins within the world's largest business commerce network. Ariba will strategically select global markets for SSI, with special attention on high-growth areas. Ariba's strategic team will focus on automating and streamline everything (via the cloud) to ensure the growth is as cost effective as possible.

References

Stolovitch, H. D., & Keeps, E. J. (2004). *Training Ain't Performance*. Alexandria, VA: ASTD Press.