



Case Study:



Industry:
Beauty and Personal Care

Headquarters:
Mexico

Founded in 2013 and based in Mexico City, Odara manufactures, **imports and distributes high-end professional beauty products** through retail shops, online marketplaces, webpages and direct distribution. Odara has been a rapidly growing professional beauty supply retailer, **growing its store count at a yearly rate of 33% (CAGR)**.



30%

Reduction of store inventory while maintaining high SKU availability



25%

Reduction of overall inventory value across the supply chain

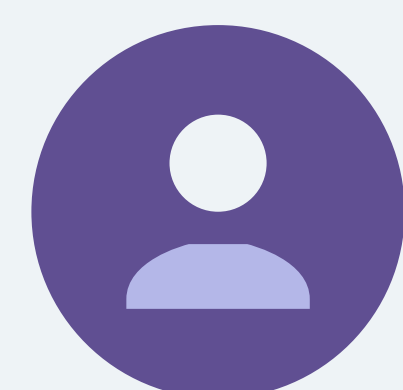


32%

Reduction of ineffective inventory value in stores



“Onebeat was exactly what we were looking for – a system that can automatically analyze every SKU, every day to find the most efficient quantity to hold in each store, not by using inaccurate forecasts, but by using real demand and holding buffer inventory at an aggregate point, our warehouse. Thanks to Onebeat, we freed up more than 30% of our overall inventory, making must-needed cash available in these difficult times (COVID-19 Pandemic), while at the same time, lowering stockouts, and increasing our sales!”



Gerardo David
Owner and CEO, Odara

Onebeat’s solutions freed up more than 30% of overall inventory at Odara.



— Key Challenges

One of the key challenges Odara faced was **managing cash effectively to maintain a high ROI for its store inventories**. Stores experienced shortages of fast-moving SKUs, resulting in lost sales, and at the same time, Odara's management felt that stores were carrying a high level of slow-moving inventory. As a fast growing business that experiences difficulties in managing scale, cash availability became a constraint in opening additional stores and further expanding the business.

On the operational level, **Odara lacked the ability to handle the growing number of SKUs in stores** (with a 50,000+ SKU catalog) and determine the right amount of each product in each store on any given day. Furthermore, the purchase management process was complex and slow and did not take into consideration vendor-specific lead times. As a result, most supplier orders were placed monthly, extending lead times, unnecessarily inflating safety stock levels, and masking real demand.

✓ The Solution

The initial study done on Odara's past data using Onebeat's Simulation Analysis revealed high levels of surplus inventory across many SKUs in stores which could be better used to generate sales in other stores. Therefore, to maximize cash availability, Odara decided to begin the implementation of Onebeat's **Adaptive Inventory Management** in its stores:

- The **Dynamic Buffer Management** system was adapted to actual demand, instantly exposing the true surplus in stores. The surplus was aggregated and used to replenish the SKUs in other stores that actually needed them.
- The **Smart Replenishment** mechanism used the inventory available in the warehouse to replenish stores that most needed it to make sales.

Within a few months, the solution was effectively rolled out to all stores and was then expanded to the warehouse. Adaptive Inventory Management was implemented to control purchasing from vendors to the warehouse - filling up Dynamic Buffers at the warehouse to service stores with high availability and lower inventory levels.

Results

Within just a few months after starting the implementation, Odara experienced considerable operational and financial improvement. Information across the supply chain became available on demand and operations became simpler and easier to control.

The summary below details the quantifiable results of implementation over a period of six months from the start of implementation:

In-shop inventory was reduced **by 30%** on average while maintaining high availability in stores (+90% SKU availability)

Ineffective inventory in stores was reduced **by 32%**

Overall inventory in money dropped **by 25%**

Effective inventory in stores increased from **30% to 37%**.

Overall inventory investment dropped **by 25%**



In addition to the above measureable results, Onebeat's implementation triggered additional operational improvements:

- The purchase process time was reduced dramatically, enabling efficient weekly ordering
- The logistics process was redefined to suit replenishment needs, resulting in an overall improvement in logistics efficiency
- The internal warehouse arrangement changed from "By Supplier" to by "Merchandise Category", resulting in a dramatic reduction of picking time

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