Chapter 6
Supply Chain and Warehouse Management Systems:
A Case Study From an International Company

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ABSTRACT

The underperformance of an international company was based on the following major problems: the information technology and the inventory management system used in the group (several distinct channels that did not interact with each other) and the company's external environment (devaluation of the Russian ruble and decrease in purchasing power). To approach these issues, the chapter presents solutions to implement a new retail system, a redesign of the technology system used by the company, and some recommendations on external factors. Recently, the company has focused on a closer relationship with consumers, making available several services that simplifies the whole process of buying a product.

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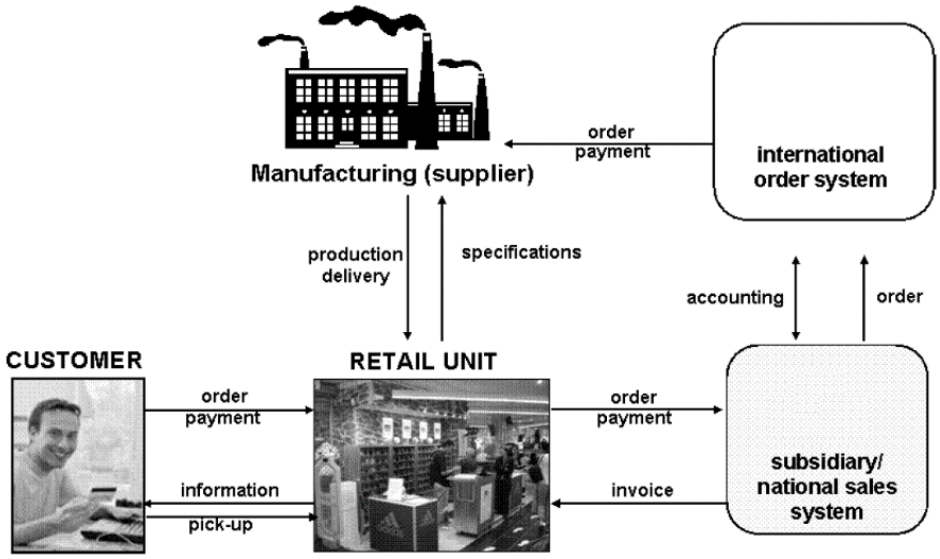
INTRODUCTION

The international company has undergone a remarkable evolution over the years, becoming a world leader in the sports industrial sector, with a wide range of products present in numerous countries. In the space of a decade, the Russia/CIS1 market stood out for its sales strength and steadily growing profits. Of the three major "attack markets" within the international company, which include North America and Greater China, Russia/CIS was recognized as a key growth market.

However, there were numerous setbacks that jeopardized the success of the international company in Russia. The main ones were the technology used by the international company, the macro environment, and the Russian crisis in 1998, which affected the Russian economy in several areas, such as the distribution channel, based on the wholesale model. This model proved to be inefficient, being considered a high-risk model. On the other hand, the market had the potential to recover, and a new era began, based on their own retail channel, enabling the phased opening of stores. In the same context of economic crisis, in mid-2014, the international company experienced a decline in sales and profits due to the sanctions imposed on Moscow, forcing the reduction and closure of stores. In addition, the collapse of the ruble and the decrease in consumer purchasing power were largely responsible for these events.

Figure 1. The company's fulfilment process
(Berger, Möslein, Piller & Reichwald, 2005)



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