



WHOLESALE-DISTRIBUTOR PEER RESOURCE SERIES

Peer resources are developed by United Fresh members and represent the views of the author.

SKU RATIONALIZATION PROJECT

By Jackie Caplan Wiggins, Vice President and COO, Frieda's, Inc.

ISSUE DEFINITION:

Strategy Team was challenged to find ways to improve overall profitability and efficiency that would be sustainable. One area that we identified was eliminating unprofitable products and services.

BACKGROUND INFORMATION:

Inventory is one of the most significant investments for any Wholesaler Distributor. Since 1962, Frieda's Inc. has been introducing new and unusual and exotic fruits and vegetables. In our 53 years of being in business, we had built up quite of list of products that we made available to our clients. Due to changes in our client mix, evolving trends and the need to maximize our return on inventory investment, we decided to embark on a project to reduce those SKUs that were redundant, obsolete as well as those that were costly to maintain.

EXECUTION PLAN:

We broke down the project into 6 phases. Phases 1 – 4 consisted of:

- Analysis: Identification of SKU's that met the criteria for the phase
- Review: Met with buyers and sales to review and gain agreement on items for deletion
- Refinement: Make sure there is no inventory or order against the codes and develop a plan to sell the inventory
- Set codes for deletion

Phase I – Zero sales last 12-24 months - Result: 343 SKUs deleted

Phase II – Shipped <200 cases last 12 months - Result: 270 SKUs deleted

Phase III – Evaluate sales of Dried Products - Result: 85 SKUs deleted

Phase IV – Margin <\$2,000 last 12 months - Result: 25 SKUs deleted

Phase V – Build a process to evaluate addition of new items

Phase VI – Bi-annual review of current SKU's against Phases 1 - 4

Although it wasn't been possible to determine the exact cost savings associated with this project due to the fact that we had other projects that were being executed simultaneously, overall profitability improved 13% over prior year.

STRATEGIC IMPACT

Improved productivity and profitability across multiple departments:

- Operations: Lower operating costs due to the elimination of slotting, picking and packing slow moving products. Would ultimately reduce our dumps and donations of unsaleable products.
- Procurement: Fewer SKUs to worry about, so our buyers can focus on filling our volume gaps on our key items, finding the best quality available and driving our business growth from within.
- Sales: Ability to build programs around our profitable items and help our customers drive their sales.

CONTACT THE AUTHOR:

Jackie Caplan Wiggins, Vice President and COO,
Frieda's, Inc.
714-733-7655
jackie.wiggins@friedas.com



www.unitedfresh.org

Initiated by the United Fresh Wholesaler-Distributor Board, the Wholesaler-Distributor Board Peer Resource Library is an opportunity for United Fresh members to share insights and learning experiences from their company operations with the industry. All content is produced directly by member volunteers and reviewed by an editorial committee of the Wholesaler-Distributor board. The views and opinions in the resources solely represent the views of the author, and authors provide their contact information for comments and questions.

Opinions and ideas expressed in library resources do not necessarily apply to every company in the industry, but instead are intended as a way to initiate business conversations within your company. United Fresh makes no representations, warranties, or assurances as to the accuracy, currency or completeness of the content of the resource library.

For more information about the library, or to volunteer as a contributor, please contact Miriam Wolk at 202-303-3410 or mwolk@unitedfresh.org.