

Success story

Chilean department store chain minimizes shrinkage and monetizes its store operations with Frogmi®



IMPLEMENTATION

5 weeks

INBOUND ANOMALIES

-75%

PRODUCTIVITY

2X

frogmi.com

About La Polar

La Polar was founded in 1920 as a tailor's shop in Santiago, Chile. Towards the end of the 1980s, La Polar began its expansion of stores in Santiago and other regions of the country to become a chain of large stores. With more than 100 years in the market, La Polar is one of the leading department stores in Chile, focusing its business on different categories: clothing, footwear, beauty, sports, electronics, technology, children's, and household goods. In addition to its participation in the traditional retail market, La Polar has a presence in digital markets through its e-commerce site, in addition to developing within the financial business with the issuance of credit cards.



La Polar currently has 40 stores throughout the country, making it one of Chile's leading companies in the retail sector.

The Challenge: Decreasing product inbound anomalies

Loss Prevention and Shrinkage Control is a constant challenge for retailers, as it directly impacts the company's bottom line. Given the industry's competitiveness, it is not surprising that La Polar is constantly working to improve its internal processes on the matter.



One of the most complex processes is **merchandise inbound at the stores**. Several sensitive points can generate complications, such as transferring products from the Distribution Center to the sales floor, inconsistencies between the quantity sent and received, code or labeling errors, and shrinkage

due to handling or packaging problems. Resolving these situations is highly time-consuming, creating a bottleneck in the reception process and, as expected, directly affecting the sales floor. La Polar identified the opportunity to properly manage information to help improve processes and upturn its results.

In 2020, La Polar embarked on an operational excellence project to elevate the visibility and control level of the Store's Product Inbound. The main objective was to gain complete processes' monitoring and start generating data to identify errors, make intelligent data-based decisions, create improvement plans, and gain greater control of the inbound methodology.



Objectives



Decrease product inbound anomalies, such as shrinkage, merchandise inconsistencies, damaged products in transit, and incorrect labeling, among others.



To increase visibility and compliance in inbound planning and scheduling.



Accelerate the store's merchandise reception and replenishment process, promoting transparent and standardized processes.



"Since 2018, Frogmi has accompanied us in a consistent improvement of KPIs over the years".

José Ramón Sánchez
Operations Manager at La Polar

Action and Implementation Plan

The Operations Management decided to digitize its processes and automate routine tasks, standardizing its protocols and allowing a more straightforward usage to the day-to-day store operations. With this objective in mind, it was essential to have a technological solution capable of adapting to the dynamic process of continuous improvement that the company had to go through. La Polar chose Frogmi as a strategic partner, using two combined solutions: **“Visibility”** and **“Execution and Automation,”** powered by the **StoreBeat** module.

The **“Visibility”** solution allowed La Polar to translate its processes into a checklist structure, indicating the tasks to be performed and obtaining complete visibility and traceability of each stage. As Frogmi is a web-mobile solution, store personnel have access to step-by-step protocols in the palm of their hand through mobile devices such as smartphones or PDAs.

On the other hand, the **“Execution and Automation”** solution allows automating the reporting of any protocol deviation, so incidents are immediately escalated to the corresponding area. Thanks to the platform, informal communication channels are eliminated, and all incidents are consolidated in a single place, facilitating their management and traceability.



“We have translated flowcharts into the store operation’s life by digitizing processes. By working together with users, we have ensured that each stage and task adds real value to the organization”.

José Ramón Sánchez
Operations Manager at La Polar

Specifically, the action plan considered addressing all stages of the products' inbound process from various angles to **achieve a comprehensive visualization aligned with the strategic objectives:**

Global visualization of the products' inbound process



Truck arrival

Register the carrier company to obtain traceability, validate compliance with the established schedule and assess the service level.



Truck opening

Evaluate whether the merchandise has arrived in compliance with the standards defined by La Polar, such as the security seal, stowage, and organization of the products by sections for quick distribution in the store.



Anomalies notification

Support anomaly reporting, such as differences in merchandise, product deterioration, and missing documents, among others. At this stage, photographic evidence is added to the report to enhance transparency. In addition, automated incident resolution tasks are implemented when appropriate, supporting the team when facing problems outside their responsibility.



Goods unloading

A record of the start and end time is kept, measuring the time required for each operation. This information also feeds the stores' scheduling management, allowing them to predict optimal operation staffing needs.



Equipment and tools

Evaluate whether store associates have the scanners and PDAs in good shape to perform their functions optimally.



“The tool allows us to educate and train personnel on the processes as they perform their tasks, adding value throughout the chain”.

Víctor Ochsenius

Deputy Manager of Operations at La Polar

The digitalization and automation of the products' inbound process also support store personnel, structuring the work and providing the necessary information for its correct execution. It should be noted that each stage includes the instructions for carrying out the tasks. Considering the high personnel turnover in the retail world, this is an excellent memory-aid and trains the newest personnel, ensuring compliance with processes and operational continuity despite the intrinsic turnover of the industry.

A fundamental stage in every project is to define its success criteria. For this, Frogmi's Customer Success team and the consulting firm OnRetail worked with La Polar to create KPIs that will measure the results and shed light on opportunities for improvement. In this case, La Polar involved all those using the tool, such as the logistics area and the inbound team, who provided suggestions based on the daily operation in the field.

This approach ensured that all activities and KPIs add value to the business.

A pilot was first carried out in 6 stores to implement the solution. The pilot validated the digitalization of the process and assisted in a smoother roll-out.

The process took 5 weeks, including training for all users and project leaders.

"Client accompaniment is vital. Pamela's support in following up, bringing proposals, and pushing change management makes the difference in the use of the tool".

Víctor Ochsenius

Deputy Manager of Operations at La Polar

"La Polar has a clear focus on operational excellence and is constantly identifying opportunities for improvement. As a consultant, it is very satisfying to work with this professional team and support them in addressing these new challenges".

Pamela Desmadryl

OnRetail



Value Addition

The implementation of Frogmi generated a before-and-after in store operations. The headquarters and stores gained visibility of what was happening in the area. The data obtained through Frogmi is used to create KPIs for backlog rates, delivery anomalies, delivery times, and inbound quality, among others.

With this information, La Polar obtained an accurate x-ray of the reception of merchandise, and the data obtained provide the basis for continuous improvement planning and management. Thanks to this tool, **Operations Management takes a strategic position**, moving away from a reactive role. Now they have the capabilities for a more proactive approach to their improvement plans and their implementation.

Implementation

5 weeks

Inbound anomalies

-75%

Productivity

2x



“With Frogmi, we have transformed qualitative impressions into quantitative data and information. Now we have data at every stage of the processes and KPIs that give us visibility into the operation”.

José Ramón Sánchez
Operations Manager at La Polar

The Anomaly indicator showed significant progress. Today, there is evidence of a **75% decrease in the number of anomalies in the merchandise reception**. These results have had a substantial impact on the control of product shrinkage, providing **solid indicators for internal control and auditing**.

On the other hand, La Polar **reduced the average reception time by 3 hours, doubling the teams' productivity and giving more space to warehouse organization and higher value tasks on the sales floor**, such as replenishment and implementing commercial actions.

Thanks to the results' speed and process transparency, the operations team is convinced that they have **doubled the agility of their work**. In addition, the management team's leadership has had an impact beyond the economic aspect, **improving the work environment**. The store associates' participation has empowered them to feel more satisfied and improve the service level by verifying well-defined processes. The reaction was so positive that the **operators themselves considered that the tool "makes work easier and more pleasant"**.

"Polar is constantly challenging its operational processes. We are convinced that Frogmi is an ally to achieve its objectives and add value to the daily operation"

Javier Saavedra
Business Operations Manager at Frogmi®





On the other hand, access to reliable information in real-time has enabled the visualization of progress and results, forging a more efficient organization, which directly impacts resource use and management. **Thanks to the great teamwork and consistency in implementing the corporate strategy on the sales floor, La Polar has seen an improvement in its results and an increase in its profitability.**



“Frogmi simply delivers order and structure for the user. It is not the same as a simple checklist”.

Víctor Ochsenius
Deputy Operations Manager at La Polar

“Frogmi has allowed us to standardize execution at a national level. It provides visibility in the form of data that we can use to diagnose underlying issues and carry out initiatives that will have an undeniable impact”.

José Ramón Sánchez
Operations Manager at La Polar





Contact us

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