



AUBUCHON HARDWARE



Aubuchon Retools Inventory Strategy And Reaps Profits Across Categories

Aubuchon Hardware is that rare breed of mid-size retailer that is growing and thriving despite massive disruption and rapid consolidation transforming the industry.



Imagine a 105-location hardware store retailer identifying and “burning off” \$5 million in excess inventory, realizing \$2 million in “missed” sales, and improving net profits by 50%, all in little more than a year.

That was Aubuchon.

During that time, the company also expanded the number of products it carries by nearly 12% to some 60,000 stock-keeping units, and is moving to customize local store-level product assortment.

Those are some of the early benefits the company has or is on track to achieve working closely with 4R Systems to optimize all aspects of its inventory management processes.

Further, Aubuchon is realizing those results while at the same time closing its company-run distribution center and moving to a new supplier-based model for inventory acquisition.

“There are a lot of moving parts and wholesale changes going on right now in the business. 4R has been very flexible and delivered exactly what they said they would despite the magnitude of change taking place here,” said Jeff Aubuchon, the company’s CFO.

“We can definitely say that of the \$5 million in excess inventory 4R identified, we are already down to \$1.8 million. It has been a precipitous drop. It is exciting to see. This has already been a big win for us,” said Jared Brown, senior analyst, Aubuchon.

Of the \$2 million in annual “lost” sales, Aubuchon is similarly reaping gains across a surprisingly wide range of product categories.

“It is kind of incredible when you look at it by department. It’s not like we have found one wholesale winner and made \$2 million in a single category. Instead we are seeing small incremental gains in departments in which I never would have anticipated sales growth,” Aubuchon’s CFO said.

Aubuchon, based on 4R’s detailed data-driven suggestions, changed inventory counts and improved sales in product areas such as hardware, fasteners, adhesives, tapes, and other static seemingly never-changing staples.

The change in inventory levels did not go unchallenged, at first. Store associates would question an increase in inventory SKU or adding products earlier or later in a season. But sales results won over any such discussions.

“Well, I said, we’re buying them because we’re still selling them. We’re now catching some sales earlier, some later, and getting a little more in-season also,” Jared said.

“The use of the data and the success we are seeing is taking the emotional impact out of the decision-making process. It is changing our way of thinking,” Aubuchon noted.



Working with 4R Systems has yielded quite a few other benefits as well.

"We are beginning to quantify our lost sales and pair that with cut reports. I can say to a vendor with confidence, "you didn't ship me this product as ordered, and as a result we lost this many dollars in sales and profits," Aubuchon said.

"Even just hinting that that conversation was coming produced some very strong reactions. We are definitely seeing greater robustness in fill rates," he noted.

The company, he said, is moving from being a top down business to being truly focused on the bottom up. "I feel strongly about what 4R has helped us achieve," the CFO said.

The company expects sales this year to reach \$157 million and projects an increase to \$172 million in calendar year 2018. ♦

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—Jared Brown, Senior Analyst



Aubuchon Hardware is headquartered in Westminster, MA. The privately held company owns and operates 105 hardware stores throughout the Northeast in Vermont, Massachusetts, New Hampshire, Maine, Connecticut and New York.

4R Systems
801 Cassatt Road, Suite 202
Berwyn, PA 19312 USA

+1 610-644-1234
info@4rsystems.com



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www.4rsystems.com