

CONSISTENCY—KEY TO SERVICE BRILLIANCE



TAMMY KYLE

Manager Product Development & Inventory Planning | MacPherson's



BLUE RIDGE
FOR A MORE FORESEEABLE FUTURE

CONSISTENCY – KEY TO SERVICE BRILLIANCE

Presented by:
Tammy Kyle , Manager Product Development
and Inventory Planning



INTRODUCTION

TAMMY KYLE

MANAGER - PRODUCT DEVELOPMENT &
INVENTORY PLANNING

20 years in Inventory Planning
5 years with MacPherson Art



OPERATING ACROSS THREE CORE AREAS



DERWENT

DRAWN TO PERFECTION



ART ALTERNATIVES

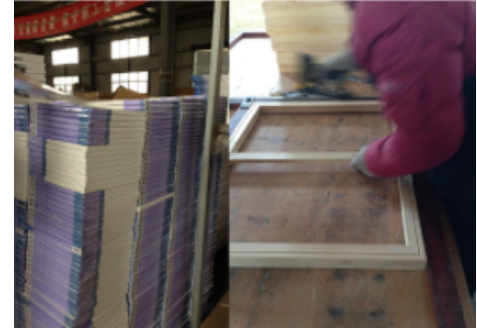


STABILO

MONTANA CANS

POSCA

MABEF



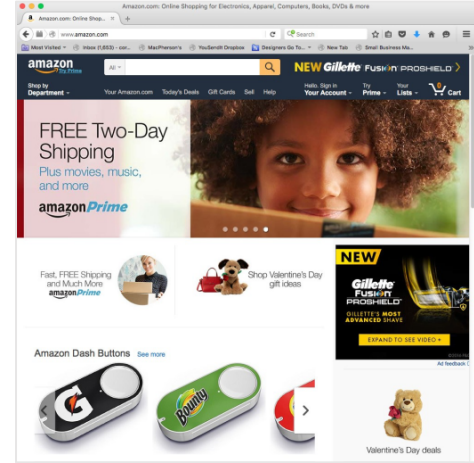
1 WHOLESALE
LOGISTICS

2 BRAND
MANAGEMENT

3 PRIVATE
LABEL/ PRODUCT
DEVELOPMENT

- COMPANY HQ IN EMERYVILLE, CA (just East of San Francisco)
- 250 MOTIVATED EMPLOYEES WHO DELIVER RESULTS FOR OUR CUSTOMERS AND SUPPLIERS

ORGANIZED ACROSS THREE SALES CHANNELS



1 MASS MARKET/
KEY ACCOUNT

2 BRICK & MORTAR

3 E-COMMERCE

- LARGEST ART MATERIALS DISTRIBUTOR IN NORTH AMERICA
- SERVING 2,600+ RETAIL CUSTOMERS

COMPANY HISTORY

“Inspire and Deliver Creativity by connecting with our Communities”



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“Inspire and Deliver Creativity by connecting with our Communities”

1990's

MacPherson's moves its SF Bay Area Distribution Center to Reno.

2000

MacPherson's acquires Atlanta-based Artcraft.

2010

MacPherson's becomes a 100% Employee Owned Company (ESOP).

2018 & beyond

Frank Stapleton passes on the MacPherson's legacy to Employee Owners who continue serving our customers and delivering creativity to our communities.



INVENTORY MANAGEMENT

Overview & Team

Inventory Overview

- 278 Vendors
- 58,768 Active Sku's
 - 12,154 Special Order Items
- 2017 Avg. Inventory Value \$26,881,662
- 2017 Avg. DSI 104.47
- 2018 Beg. Inventory Value \$22,609,700
- 2018 Beg. DSI 98.60
- 2017 Outbound Line Fill Rate 94.27%

Average Lead time from order to receipt

- Domestic Shipments - 18 days
- Asian Imports - 128 days
- European Imports - 92 days



From Left to Right:

Vicky Toth – Sr. Inventory Analyst- Champion Buyer- Exclusive Brands & Domestic

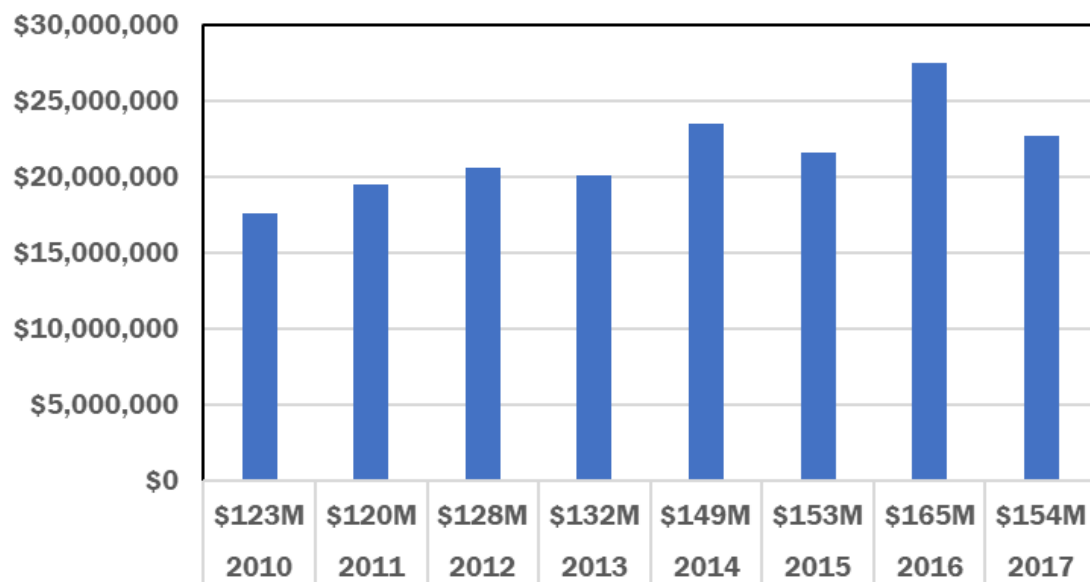
Michele Anderson – Inventory Analyst – Asian Import

Tammy Kyle – Manager - Product Development & Inventory

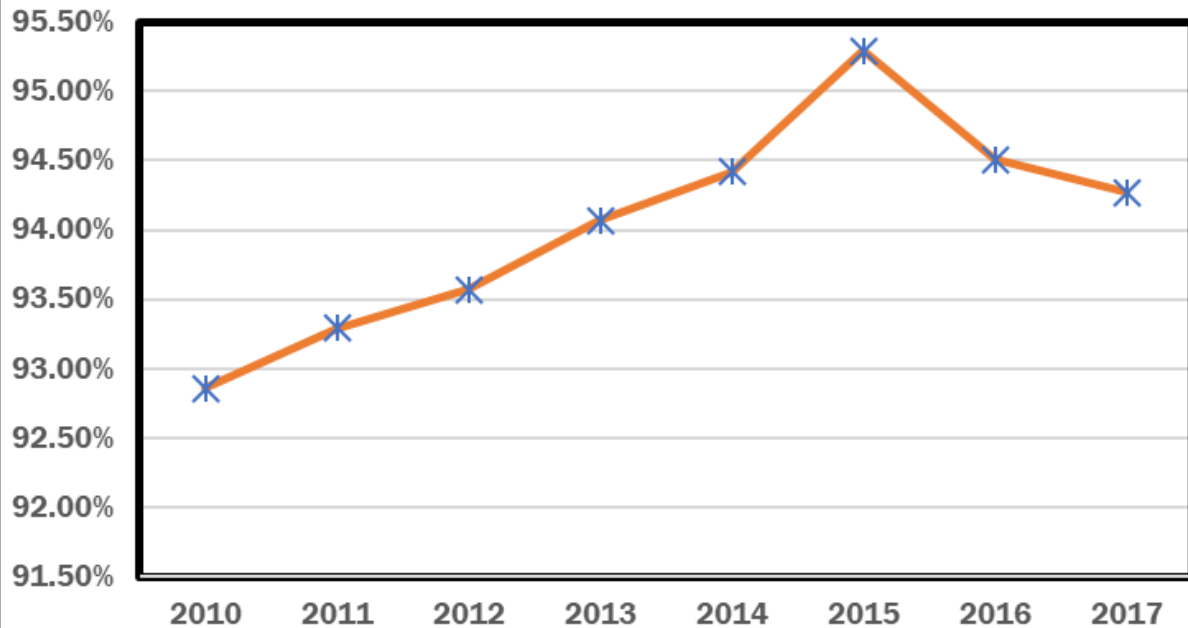
Molly Meister – Inventory Analyst - Domestic

Renee Shipley – Inventory Planning Manager

Sales/ Inventory



Fill Rate



FILL RATE COMMITMENT TO OUR CUSTOMERS

Overall Line Fill Rate Goal

95%

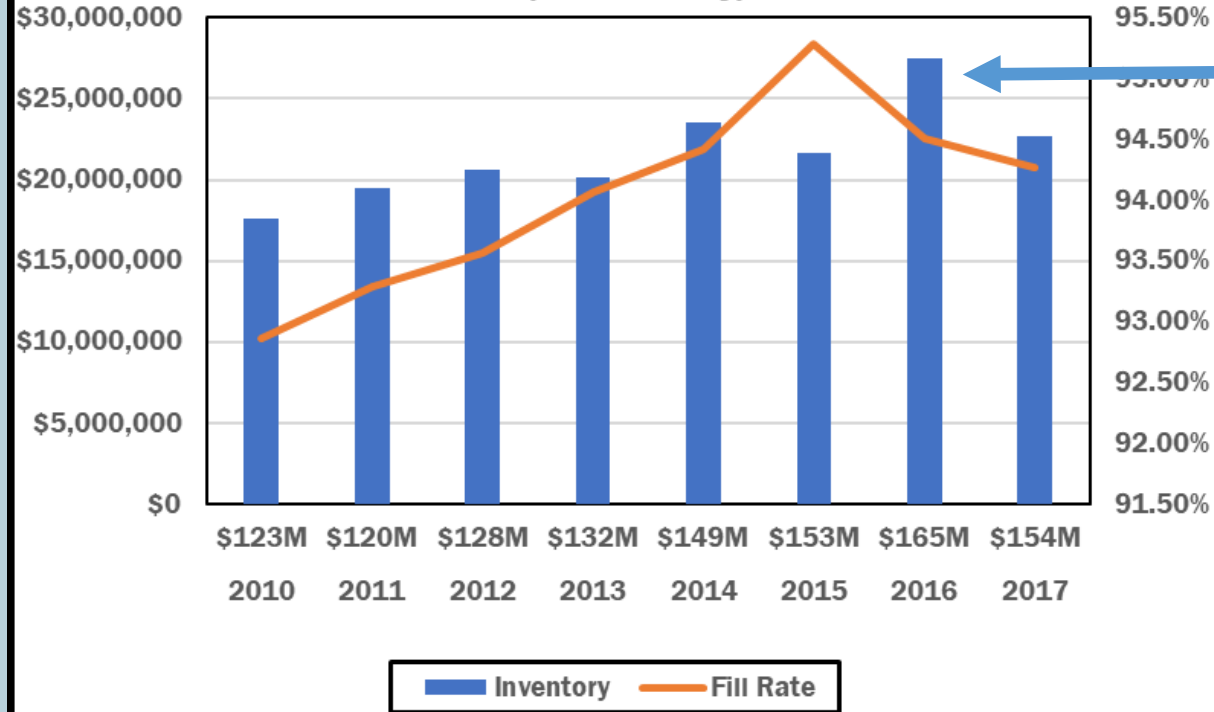
Mass Market Line Fill Rate Goal

95%

Independent/Brick & Mortar Goal

93%

Sales/Inventory/Fill Rate



2016 - Adult coloring Craze

- High Sales
- High Inventory
- Lower Fill Rates

WHY BLUE RIDGE?

Clarity On-Prem

- 2009 - Began looking for a system to Improve Fill Rates
 - The current system they used only had a min/max to manage inventory
 - Largest Mass Market account was looking toward a Vendor Managed Program and wanted something to help manage that.
 - Go-Live with Clarity On-premise in 2010



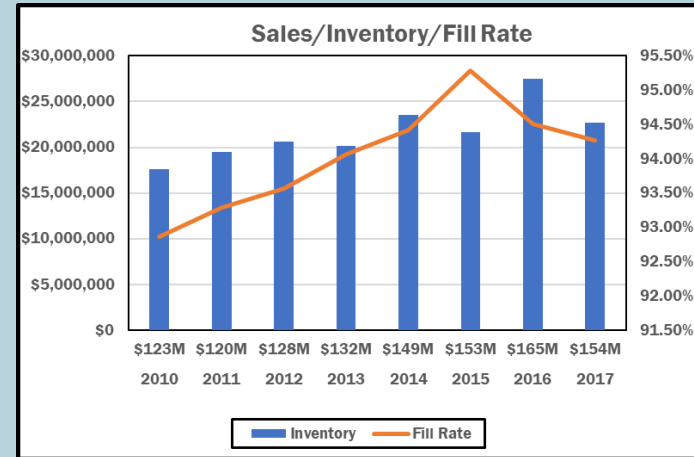
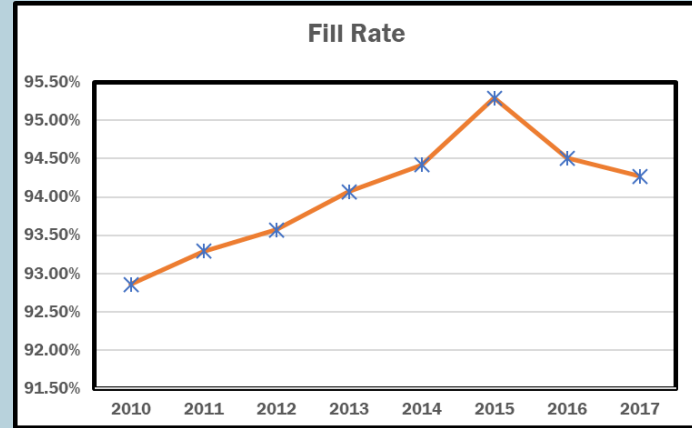
Fill Rates improved since 2010
2010 92.86%
2017 94.27%

Fast Forward to 2017

- Looking for continued, consistent fill rates
- Decrease avg. inventory while improving fill rates
 - 2016 highest Inventory levels with lower fill rates

Blue Ridge Cloud

- Looking to leverage technology to improve fill rates and lower inventory levels.



2018 COMPANY GOALS

Service Brilliance

Focus on Profitability

Sales Org Evolution

Brand Building

Transform Our Digital Posture

Distribution
& Logistics
Expertise

Brand – driven
Commerce
Expertise

SERVICE BRILLIANCE

Management - Expects high fill rates to provide Service Brilliance to our customers



Team - Expects the right tools to execute high fill rates to provide Service Brilliance to our customers



Customers- Expects the right inventory in the right DC when they want to purchase it

FOCUS ON PROFITABILITY

Management expects inner margin opportunity buys

- ❖ Buy into promo at end of promo period, sell at our regular contract price or everyday price
- ❖ Buy out of promo's

Manage Inventory Levels



Team expects the right tools to be able to execute these inner margin opportunity buys

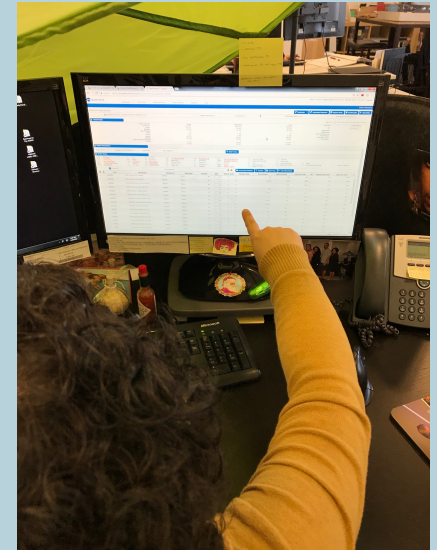
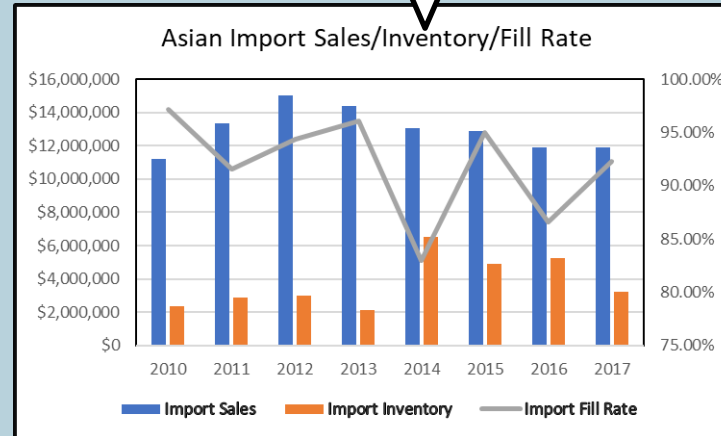
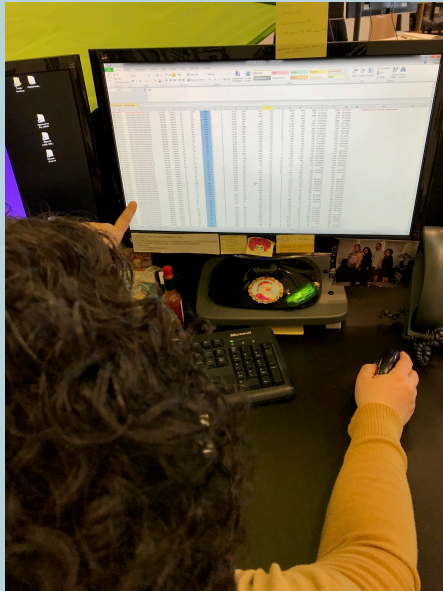
CHALLENGE

- IMPORT BUYING (manual process)
 - a. Long Lead Times
 - b. MOQ split over 2 DCs
 - c. Carry too much inventory
 - d. Out of stocks too long



- IMPORT BUYING (through cloud)
 - a. Buying appropriate levels
 - b. Buying earlier
 - c. Utilizing the system instead of manual process
 - d. Minimize our out of stocks

High Inventory
Low Fill Rates



CHALLENGE

Today

Future

Inventory Analyst - task driven clerk

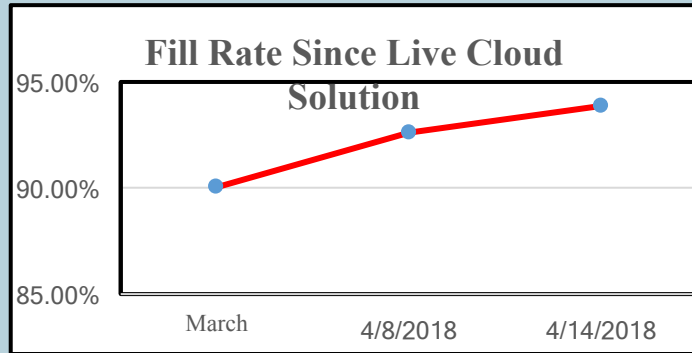
- a. Lack of time to analyze overstock, dead inventory
- b. Causes inventory to sit in DC's and effect turn
- c. Manage exceptions
- d. Place Orders



Since Cloud

- ❖ Improved Fill Rates
- ❖ Orders due for service earlier

- Inventory Analyst - Becomes an Analyst
 - a. Time Savings
 1. Mass Maintenance
 2. Exceptions clearing
 - b. Analyzing Inventory for overstocks, over-buys, dead inventory
 - c. Working with vendors for returns where applicable
 - d. Strategic in promotional buys
 - e. Manage New Items - monitor, review, react



WHY BLUE RIDGE – COLLABORATION

Lifeline

- Monthly Call
 - Review business
 - Sven to ask WHY/What is going on here?

Training

- On Site hands on training
- Resources available as needed for questions

Support – through it all

- During the upgrade MacPherson's went through a transition with Director of IT
- Blue Ridge was instrumental to us staying on track during the testing and implementation and transition of our IT team.

Why Blue Ridge

- Proven Performance
- Efficiencies and effectiveness the Cloud Solution is providing
 - Ordering earlier
 - Time Savings
 - System Driven
- Blue Ridge – Premier Provider



Questions