



## Kingfisher Asia Limited uses SAS® to measure supplier performance and achieve greater profitability

### ■ Industry

Retail

### ■ Business Issue

Kingfisher Asia Limited needed supplier intelligence for contract negotiation leverage.

### ■ Solution

Kingfisher relies on SAS for supplier intelligence for better-quality goods, lower wholesale prices and faster responses.

Global retail companies spend millions with a myriad of suppliers every week. But how well do they really understand those suppliers? Who are they? How stable are they? How important is the retailer's business to this supplier, and how can this intelligence be used more effectively in negotiating agreements?

Retail companies have been striving to focus scarce resources on the strategies that are most likely to yield success to the organization. However, while reducing costs and increasing revenues are always primary objectives, retailers live and die by the quality of their products and the reliability of their suppliers. As the direct sourcing arm of the global Kingfisher plc group, Kingfisher Asia Limited plays a crucial role in tracking supplier performance and negotiating with suppliers for the best prices and the highest-quality products. To be more competitive, Kingfisher Asia Limited needed to know who its best suppliers were and how it could use its purchasing power to get the best products at the lowest wholesale prices, delivered on time, every time.

The major challenge for Kingfisher Asia was the reliability of the suppliers, and the company must remain vigilant in order to keep the appointed vendors accountable to their service level agreements. "If we found a vendor who could provide items at lower prices, we would also examine whether or not they can ship products with the level of quality we need," Anthony Sutcliffe, CEO of Kingfisher Asia explains, "Because our

suppliers are based in Asia, with predominantly 85 percent of our product sources in China, service levels for us are crucial. Better prices are meaningless if products do not arrive on time, or if the quality is not good enough and we can't sell them at all."

### Keeping Tabs on Suppliers

Before using SAS, Kingfisher Asia only had some very basic reporting tools and an infrastructure that was not very comprehensive.

"It was an inflexible system," Sutcliffe says. "Both the management team and merchandisers had to ask technical people to download the information and put it into spreadsheets. It provided insufficient information to us for doing analysis and reporting." Sutcliffe explains that since SAS was implemented in early 2002, it has resolved those problems and helped Kingfisher Asia to discover a great deal of information about its vendors' performance.

"For instance, we recently found that one of our suppliers had a delivery performance problem. With the use of that information, we were able to contact the supplier and ask for improvement with our ongoing tracking in future months. In addition, with this Web-enabled system, we can access information in seconds via the intranet. The system has many predetermined formats to select from in order to combine different types of data we require for comparison and analysis. The users can further drill down and look at data with many dimensions,

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**Anthony Sutcliffe**  
CEO of Kingfisher Asia

which quickly generates indications for forecasting and purchase decisions. Most importantly, we also use the system to track the performance of our vendors in terms of their timeliness and their abilities to ship the full quantities we ordered. We call this ‘on-time performance.’

“For our business, we are not particularly affected by the downturn in Hong Kong. In this sector, a retail business can grow up to 35 to 40 percent per year. Any economic crisis brings a lot of changes and opportunities as well, because our businesses are about direct sourcing. When the sales line is under pressure, then the group needs to look at profit margins even more closely, and our office exists to reduce product costs and enhance margins accordingly, so we’re growing very rapidly,” said Sutcliffe.

#### **‘Not Just the Technology’**

“SAS is the best value option for us in terms of what we would get from the investment and what we wanted,” Sutcliffe said. “We were quite precise when describing what we required for our business to make sure that SAS understood. Both SAS’ technology and

the consulting services gave us confidence. It’s not the technology alone, but also with the professional consultants who provided good communication and helped implement the system as we desired. At present, SAS is being used on various levels throughout the company, from senior managers down to merchandiser managers, and not just for top management. The technology is put directly into the hands of the front-line people for managing performance.”

Kingfisher Asia is growing rapidly in terms of volume. In terms of technology, the company plans to further enhance the vendor performance tracking in areas like the reasons for late deliveries. “We would like to retain the data in our own source database, and we would then use it for diagnosis. It is an ongoing part of SAS’ role to assist us with our growth and provide the right solution,” Sutcliffe said. “SAS is a trusted business partner with Kingfisher Asia.”

#### **About Kingfisher**

Kingfisher Plc employs more than 90,000 people in nearly 1,400 stores across 17 countries and has some of the best-known retail brands in Europe, including ProMarkt, B&Q, Castorama, Comet, Darty and BUT, among others.

Customers are Kingfisher’s primary focus. The company is determined to provide customers with an unbeatable shopping experience built on great value, service and choice whilst rapidly identifying and serving their ever-changing needs. This goal is pursued through the leading European retail brands and, increasingly through innovative e-commerce channels that harness the traditional retailing expertise.

The Kingfisher Asia Limited sourcing office opened in Hong Kong in 1994. It is responsible for direct sourcing from over 150 suppliers in Asia. At present, they supply over 8,000 different products, and it continues to grow.



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