

Success Story in  
consumer goods and retail  
How 4flow and the fashion  
retailer CCC increased dis-  
tribution center throughput  
for new HalfPrice brand

**Half  
Price**

# 4flow – a supply chain partner for rapid growth in the challenging fashion retail sector

The classic brick-and-mortar business model in fashion retail is increasingly giving way to e-commerce. Still, one store concept continues to experience strong growth: off-price.

The off-price retail model is based on buying surplus, off-season or last season brand items. This is done on a large scale and at a lower price than the items' original retail value. These favorable purchasing conditions can be passed on to the end customer. The fashion retailer CCC S.A. based in Poland, established in the traditional retail business as well as in e-commerce, decided in late 2020 to launch its own off-price brand: HalfPrice.



The ambitious business plan called for opening 60 stores from May to December 2021 in the short term and aims to more than double that number in 2022.

To enable this rapid expansion, CCC asked 4flow to work with the retailer's newly formed HalfPrice organization to optimize its distribution center in Polkowice, Poland. The new DC had only been in operation for six months prior to the start of the project. The distribution center needed the capability to double its throughput just four months after the project start.

## Empowering the organization and optimizing processes in the shortest time possible

In the first step, 4flow conducted process and IT mapping to identify relevant bottlenecks in the existing warehouse structures. Based on the findings, 4flow worked with the experts from the individual process areas to identify improvement measures, such as planning and controlling material flows, improving picking processes, and streamlining shipping processes. 4flow not only considered classic elements of fashion logistics, such as the efficient labeling of articles, but also challenges specific to the off-price sector. Incoming shipments of mixed goods from bikinis to winter jackets, millions of different items, many with only a few pieces in stock - all this must be delivered to HalfPrice stores according to demand.

Based on the rapid assessment of the situation, 4flow and CCC created an implementation roadmap and prioritized certain measures. Thanks to detailed planning, effective implementation was ensured even as the customer team grew and new members joined mid-project.

The biggest challenge of the project was to implement measures during ongoing operations and keep pace with the opening schedule of several stores per month. In less than two weeks, the team managed to redesign material flows on the shopfloor, design a visualization concept, and completely implement these plans on a single Saturday without affecting operations.

While keeping sight of daily delivery targets, CCC and 4flow prioritized the sustainable adoption of new processes. To achieve this, 4flow and CCC introduced standard operating procedures, shopfloor visualizations and Gemba walks on the shopfloor to help leadership better understand how processes happen in practice. These changes also supported the rapid onboarding of new employees in the young HalfPrice organization. The project team initiated purchasing processes for improved equipment early on to stay ahead of volume growth and prepare for major layout changes. Another outcome of the project was the introduction of a KPI dashboard. Operational managers can thus identify bottlenecks and take action during shifts, while management can monitor the relevant KPIs as well as the effectiveness of the measures implemented.

The efforts paid off: just after four months, the team celebrated the achievement of doubling throughput.

**“We implemented improvements immediately and we quickly celebrated first successes that are still driving further changes.”**

Igor Matus, Vice President Supply Chain, CCC S.A.

#### Customer

- > CCC S.A.
- > Fashion retail and e-commerce
- > 13,000 employees

#### Project scope

- > Implementation of the rapid growth strategy of the Polish fashion retailer CCC to establish a new brand in the off-price retail sector

#### Results

- > 2.5-fold increase in throughput in 4 months at existing logistics facility
- > Optimized processes to enable shipments to 3x more stores
- > Space and process optimized material flow planning of warehousing, picking, value-added services and shipping processes
- > 15% increase in productivity

## Focus on long-term development of the supply chain

In addition to short- and medium-term measures, 4flow also identified innovative approaches during the project to ensure HalfPrice's long-term growth. 4flow provided a comprehensive view of the supply chain and of interactions of individual players, from purchasing to sales. Long-term business success requires an alignment of the entire supply chain with the business strategy of the off-price business model; the goal is to deliver highly diverse goods procured spontaneously on the fashion market to the stores as efficiently and quickly as possible.

One example of this alignment is achieving a one-touch-flow of items through the warehouses. For that, IT systems must be agile and the sales planning system must communicate with the warehouse management system (WMS) in real time to enable a high product variety in the stores with minimal handling effort in logistics. Data mining is also used to ensure the optimal balance of supply and demand, which is a particular challenge in the off-price sector. This can result, for example, in purchasing recommendations for certain product groups or dynamic pricing in sales.

With these first tremendous steps achieved, there is still much more to come as CCC aims to triple business in three years.

**"4flow recommended and implemented organizational, process and system improvements with end-to-end thinking together with the CCC team. The biggest future benefits in operations performance were linked to changes in our IT system and in its embedded demand-supply logic. This has been a big step on our way forward."**

Igor Matus, Vice President Supply Chain, CCC S.A.

## About 4flow

4flow is a leading provider of supply chain consulting, software and fourth-party logistics (4PL) services. With more than 1000 team members, 4flow is a global partner for its customers at more than 20 locations in Europe, Asia, North America, and South America. 4flow completes more than 300 projects a year in cooperation with customers on 5 continents, in more than 40 different countries. 4flow is headquartered in Berlin, Germany.