

End of Life Management (EOLM) Process



Process Owner :
 Execution Team : Merchandising

 Application (IT) :

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Process Objective :

- 1) To free up display space taken by Slow-moving SKUs (SLM) and range new SKUs in their place
- 2) To reduce markdowns given on liquidating obsolete products

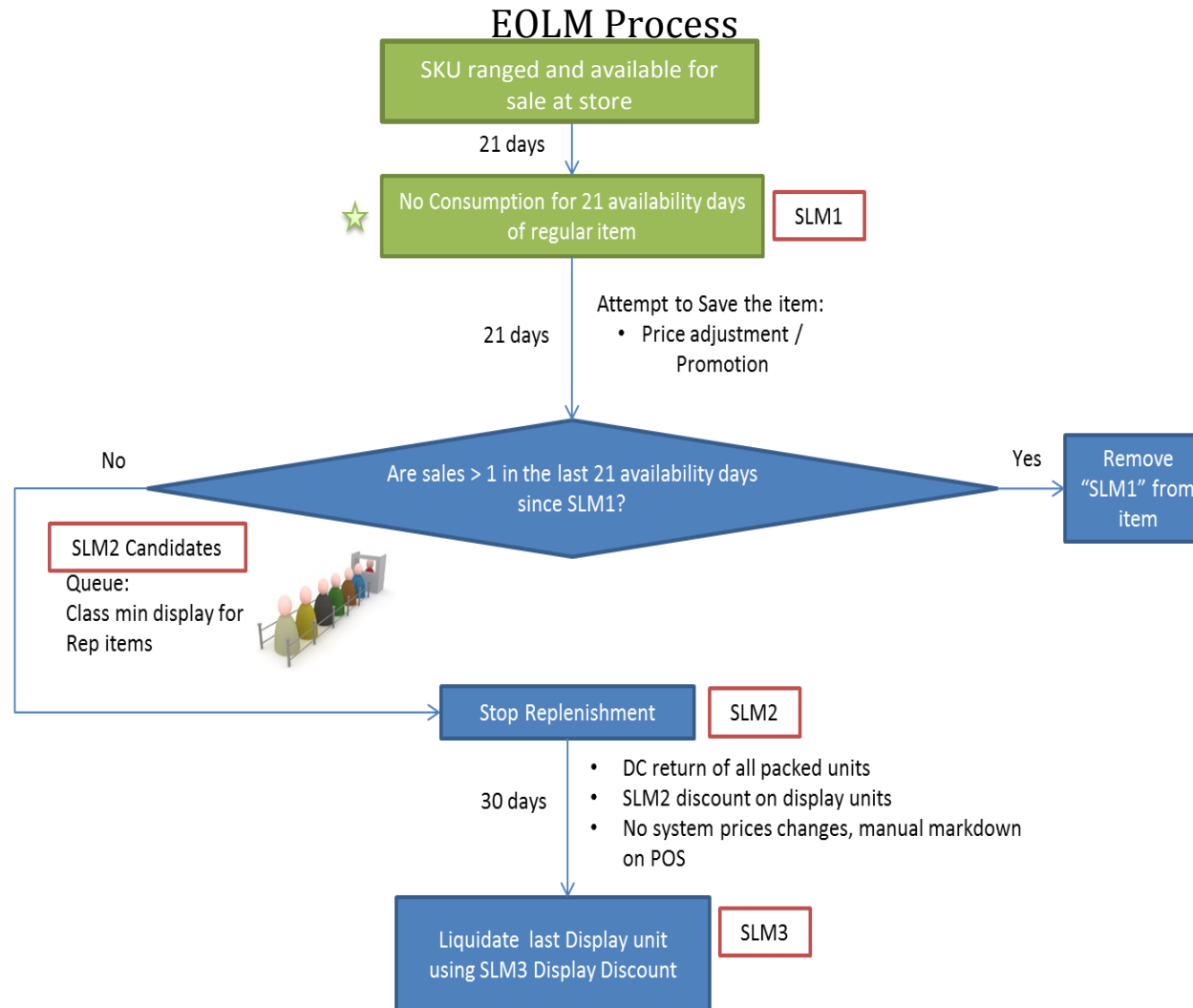
Process Name	Lead Measure	Lag Measure
EOLM Process	Sale of a SKU in stores for a defined period	Share of SKUs moving from SLM1 to SLM2, and SLM2 to SLM3
	Pack unit Excess and SLM Inventory quantity and value – to be returned to DC	% of return in DC

Note : Lead Measures are “Predictive – Provide early signs”, Lag Measures are “Outcome”. Kindly update measures for both Key & Sub-processes along with “measure definition”.

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Note: The above index structure is editable. Update content along with page #'s as applicable



IMPORTANT: The above flowchart is only an example. The no. of days and sales threshold for identifying SLM1 and SLM2 Candidate is defined jointly by Buying & Merchandising team depending on the product lifecycle and sales volume of a class.

• EOLM Process	
Merchandiser	<p>SLM1: An SKU will be identified as SLM1 in a particular store, if it does not sell for “x” no. of availability days in that store.</p> <p>SLM2 Candidate: SLM1 SKUs will move to the next stage .i.e. SLM2 Candidates, only after a pre-defined period of time has passed since it became SLM1. All SLM2 Candidates are essentially in a queue of for SLM2 and deranging from a store.</p> <p>SLM2: The SKUs deranged in SAP will be changed to SLM2 and it marks the beginning of the liquidation process. There is an attempt to “<i>Save the Margin</i>” at this stage by initiating DC returns for pack units. A time window of 14 days is provided to stores and logistic teams to complete these actions. And SLM2 discount is applicable for liquidating display units.</p> <p>SLM3: Stores holding SLM2 Stocks for more than 30 days then system will convert it into SLM3. SLM Discount will be aggressive further to liquidate.</p>
Buying	Review the SLM2 Candidate report which is shared by Merchandising Team and highlight the SKUs they wish to remove from the deranging list with explanation for the same.
Operation	SLM2 & SLM3: Store will return the pack units back to DC and liquidate the display unit at SLM applicable discount.

Logic for identifying SLM1 & SLM2 Candidate SKUs

- SLM status is store specific .i.e. if an SKU is not selling from a particular store then it will become SLM only in that store
- The system checks for stock availability in the store .i.e. SKU will become SLM1 or SLM2 Candidate only if it does not sell for defined no. of availability days in the store

1. Slow Mover 1 (SLM1): SLM1 stage is an attempt to “**Save the SKU**” in the store. Symphony will identify SLM1 SKUs on a weekly basis.

- A report of all newly converted SLM lines will get triggered to the stores every week
- Buyers to share the list of SLM1 SKUs with brands for corrective action
 - Price correction at a company level if the SKU is slow selling across stores
 - Create focus that the SKU will be deranged if its sales does not improve
- Store Operations team must check for the following -
 - SKU is on display with proper ticketing especially chain level Topsellers
 - Product knowledge of the staff
 - Stock availability issues due to defective stock not moved to RPA etc

2. Slow Mover 2 Candidate (SLM2 Candidate): Symphony will identify SLM2 Candidate SKUs on a weekly basis.

- SLM1 SKUs will become “Regular” if the sales exceeds the minimum target set for the class
- However, if the sale of a SLM1 SKU remains poor within a defined time period, it will move to the next stage of the EOLM process and become SLM2 Candidate
- SLM2 Candidate SKUs are in a queue for deranging .i.e. stop replenishment of stock to store
- SLM2 Candidate SKUs will be converted to SLM2 by merchandising team every fortnight following below mentioned criteria -
 - Ensure that not more than 50% of SKUs in the Assortment Group (i.e. Price Band) is deranged in order to maintain credible range for customer choice
 - Derange in descending order of worst selling SKUs
 - Manual deranging decision for OL and gaming SKUs
 - Subjective call by merchandising & buying team to remove Topsellers from deranging

3. Slow Mover 2 (SLM2): SLM2 stage marks the beginning of the liquidation process.

- SLM2 SKUs will be deranged from stores by merchandising team
- DC returns will be initiated every fortnight for all packed units by merchandising team
- Hence only display units of SLM2 SKUs must remain in the store
- Store team must focus on liquidation of display units of SLM2 SKUs using the prescribed display discount (*Refer Markdown Process for SLM Display*)
 - No system price changes for SLM2 SKUs will be done
 - Store to manually discount SLM2 SKU using SLM markdown code
 - Newly converted SLM2 lines will appear in the Price Change Report so that price ticket with correct SLM status can be updated on shopfloor
- From this stage onwards, system will **NOT** automatically remove an SKU from SLM status if the sales rate improves. However, merchandising team can manually remove the SKU from SLM2 on specific request from buying or operations team.

4. Slow Mover 3 (SLM3):

- SLM2 SKU will become SLM3 if it has positive inventory after 30 days becoming SLM2.
- A sharper display discount is applicable for liquidating SLM3 SKUs (*Refer Markdown Process for SLM Display*)

SLM Discount policy and Template :

1. SLM discount is strictly applicable ONLY if the product is
 - a. A display unit
 - b. In “Active” status and
 - c. An SLM2 or SLM3 line at the store.
2. SLM Discounts are not applicable on packed units or products delivered from the DC.
3. SLM discounts are not applicable on lines in ZT Status
4. SLM articles packed units lying in the stores for KYBM categories should be returned to DC Including all packaged contents including inner box packing, if any.
5. Any exclusions for the discounts are mentioned in the Remarks column in below Table

	Categories	Discount % on MOP					
		NDQ		Remarks (NDQ)	Only ACTIVE lines		Remarks (SLM)
		Packed	Display (Only for Last Unit & No stock in DC)		SLM2	SLM3	
KYBM Categories	Smart Phones	0%	5%		10%	15%	
	Cameras, DSLR & Camcorders	0%	5%		10%	15%	
	Gaming Consoles	0%	5%		10%	15%	
	Home Theatres	10%	10%	Not valid on Bose	10%	15%	Not valid on Bose
	Notebooks	0%	15%	Not valid on Dell & Acer	10%	15%	Not valid on Dell, Acer & Apple
	Tablets & E-Reader	0%	15%		10%	15%	Not valid on Apple
	Microwaves	0%	5%		10%	15%	Not Valid on Samsung
	ACs(Split and Window)	0%	5%		10%	15%	
	Ref Direct Cool	0%	5%		10%	15%	Not Valid on Samsung
	Ref< 400 L	0%	5%		10%	15%	Not Valid on Samsung
	Ref >=400 L	0%	5%		15%	20%	Not Valid on Samsung
	Ref SBS	0%	5%		15%	20%	Not Valid on Samsung
	Front Load WM	0%	5%		10%	15%	Not Valid on Samsung
	Top Load & Semi Automatic	0%	5%		10%	15%	Not Valid on Samsung
	LED Panel < 32 Inch	10%	10%		10%	15%	
	LED Panel 32 Inch to 43 Inch	10%	10%		10%	15%	
	LED Panel >= 46 Inch	10%	10%		15%	20%	
Non-KYBM Categories	Discount % on MOP						
	Categories	NDQ		Remarks (NDQ)	SLM2	SLM3	Remarks (SLM)
		Packed	Display (Only for Last Unit & No stock in DC)				
	Small Appliances	0%	20%		10%	15%	
	Audio Systems, DVD/VCD, Speakers, MP3 Players, Earphones Headphones	0%	0%	Price will be changed in system	10%	15%	Not valid on Bose
	Phones Fixed, Smartwatches	0%	0%	Price will be changed in system	10%	15%	
	Binoculars, Digital Photo Frames & Tripods	0%	0%	Price will be changed in system	10%	15%	
	Other COM, IMG & GMG accessories	0%	0%	Price will be changed in system	0%	0%	
	CMP accessories	0%	0%	Price will be changed in system	0%	0%	
	Desktops	0%	10%		10%	15%	
	Printers	0%	10%		10%	15%	

SLM2 Conversion- Checklist

Forthnight Tasks (Key Activities)	Responsibility
<p>1 Remove Group such as Charge and Miscellaneous</p> <p>2 Remove Classes Brand Chargers, Brand Headsets, Google play cards, Dummies, Demos</p> <p>3 Remove Gift cards, Kits, Dumpbin, Bulkstack and Scratch card on Demand SKUs</p> <p>4 Remove Vivo Smartphones from call back list of Chennai and Pune location</p>	Merchandising Team

Training, Benchmark (Process/Measure), Review/s

- Every fortnight, system calculates no consumption days of SKUs and generates output file of SLM2 candidates.
All SLM2 candidates get manually converted from SLM2 Candidates to SLM2 and eligible discount is applicable on that SKUs

SLM2 Candidate system generated Output file:

Stock Location	SKU Name	SKU Description (WW)	SLM Status	Y	m	d	No Consumption Days	Class Description	Category Description	Group Description	Inv. At Site	Article Status	Brand	Inv At DC	DC Status
A001	199962	Hama Retractable Micro Usb Cable 104825	SLM2 Candidate	2019	4	1	39	Cables & Connectors	Phones Mobile Accessories	Communication	3	ZN	HAMA	49	DCTAIL
A001	206407	Boompods Car Charger Carpods 2.4 Amp B/W	SLM2 Candidate	2019	4	1	50	Chargers & Adaptors	Phones Mobile Accessories	Communication	2	ZA	BOOMPODS		REGULAR
A001	206409	BOOMPODS Car Charger CARPODS 3.4 AMP B/W	SLM2 Candidate	2019	4	1	34	Chargers & Adaptors	Phones Mobile Accessories	Communication	2	ZA	BOOMPODS	2	REGULAR

- Every Fortnight, SLM call back calculation is done by Merchandising and detailed report is shared with Operation Team

SLM Tracker:

Group wise Summary tracker is shared every alternate days to Operation team:-

SLM			
Group Description	SLM Stock Value on 1st April'19	SLM Stock Value on 8th April'19	% Reduction
Communication	39,065,612	35,242,510	10%
Computers Peripherals	30,290,310	27,754,719	8%

