

PROBLEM STATEMENT

The addition to their existing base of 216 stores, which are spread across 10 provinces in Canada, is a strategic move to increase their market share and improve their supply chain efficiency.

TSC Stores: Supply Chain Management for Profitable Growth

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TheCaseSolutions.com



1505 Silver Road \$1,800,000 CAD
100,000 sq ft Retail

#C6389 (P1505) - 07/14	
Year	2014
Area	100,000 sq ft
Value	\$1,800,000 CAD
Project Status	Completed
Project Type	Retail
Project Location	1505 Silver Road, Mississauga, ON
Project Owner	The Home Depot Inc.
Project Architect	Stantec Inc.
Project Contractor	W.D. Eckman Construction Ltd.
Project Completion	2014

SOURCES

1. The Home Depot Inc. (2014). Annual Report. Retrieved from www.homedepot.com

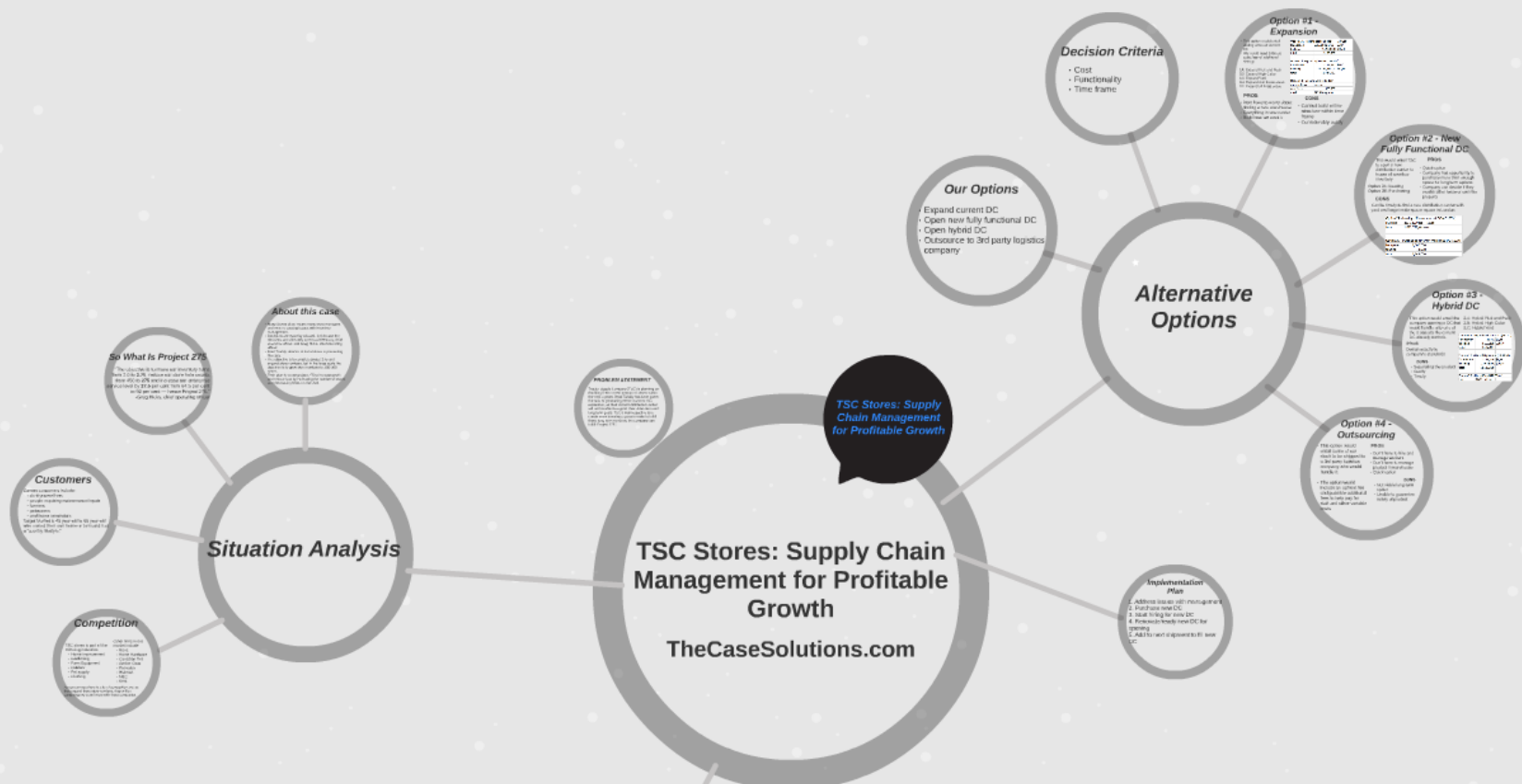
2. The Home Depot Inc. (2013). Annual Report. Retrieved from www.homedepot.com

3. The Home Depot Inc. (2012). Annual Report. Retrieved from www.homedepot.com

4. The Home Depot Inc. (2011). Annual Report. Retrieved from www.homedepot.com

5. The Home Depot Inc. (2010). Annual Report. Retrieved from www.homedepot.com

Thank you for any questions!



PROBLEM STATEMENT

Tractor Supply Company (TSC) is planning on doubling their current amount of stores within the next 3 years. Brad Twiddy has been given the task of generating more space for this expansion, as their current distribution center will not be able to support their short-term and long-term goals. TSC's main objective is to create more inventory space in order to fulfill these long-term needs so the company can fulfill "Project 275".

About this case

- Many Stores does means many store managers and owners causing issues with inventory management.
- Decisions are made by a board, in this case the decisions are ultimately up to David Roussy, chief executive officer, and Greg Hicks, chief operating officer.
- Brad Twiddy, director of distributions is presenting the case.
- The objective is to complete project 275 and expand store numbers, but In the large scale the objective is to grow store numbers to 200-300 stores
- Their plan is to use project 275 to increase profit and reduce loss by increasing the number of stores and decreasing holes on the shelf.

So What Is Project 275

"The objective is to move our inventory turns from 2.0 to **2.75**, reduce our store hole counts from 450 to **275** and increase our enterprise service level by **27.5** per cent from 64.5 per cent to 92 per cent — hence Project 275."

-Greg Hicks, chief operating officer

Customers

Current customers include:

- do-it-yourself-ers
- people requiring maintenance/repair
- farmers
- petowners
- and home renovators

Target Market is 45 year-old to 65 year-old who owned their own home or farm and had a “country lifestyle.”

Competition

TSC stores is part of the following industries

- Home improvement
- Gardening
- Farm Equipment
- Outdoor
- Pet supply
- Clothing

Other firms in the market include

- Rona
- Home Hardware
- Canadian Tire
- Gerber Gear
- Pet value
- Walmart
- MEC
- Kent

As you can see there is a lot of competition and as they expand there store numbers, they will be competing more and more with these companies

Our Options

- Expand current DC
- Open new fully functional DC
- Open hybrid DC
- Outsource to 3rd party logistics company

Option #1 - Expansion

- This option would entail adding onto our current DC
- We would need 249,000 cubic feet of additional storage

- 1A: Expand Pick and Pack
- 1B: Expand High Cube
- 1C: Expand Yard
- 1D: Expand 2 of these areas
- 1E: Expand all three areas

PROS

- Dont have to worry about finding a new warehouse
- Everything in one center
- Build how we want it

Option 1.A - expand pick and pack (2373sf)		
foundation	\$21,000 approx	\$9/sf
building	142,380.00	\$60/sf
total	\$163,380	
Option 1.B expand high cube (19,491sf)		
foundation	\$175,491	\$9/sf
building	\$1,169,460.00	\$60/sf
total	\$1,344,951	
Option 1.C - expand yard (20,333sf)		
remove fence	wages	
new fence	\$25,000	
total	\$25,100 approx	

CONS

- Cannot build entire structure within time frame
- Considerably costly