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CASE STUDY: ALPINA, SLOVENIA

Abstract

This case study describes the application of an order management system for integration with the distribution network. This system has been developed internally by the IT unit as standard solutions available on the market were not considered suitable to the company's needs. The company has achieved savings from the implementation of the system: lowering of stocks, speeding up of transfers between shops (where needed), improved lead-time.

Case study fact sheet

Full name of the company:	*Alpina*
Location (HQ / main branches):	*Strojarska ulica 2, 4226 Žiri, Slovenia. Branches in: Italy, Croatia, Bosnia, Romania.*
Sector (main business activity):	*Production and sales of footwear: fashion and sport*
Year of foundation:	*1948*
Turnover in last financial year:	*50 m euros in 2005*
Employees:	*900*
Primary customers:	*Wholesalers (75% of turnover) retailers (25% of turn-over). 16% is sold on the domestic market, the rest abroad*
Most significant market area:	*The company is organised in three units corresponding to: sport lines, fashion lines, retail network. Alpine owns its own distribution network consisting of both proprietary stores and franchised stores*
Focus of case study:	*Management of the retail network*
Key words:	*Proprietary system, on-line order management*

Background and objectives

Alpina is a Slovenian group of companies offering sport and fashion footwear, which employs about 900 people and had a total turnover of about 50 million euros in 2005.

The company is organised in three units, namely sport lines, fashion lines and retail network. Sports lines include cross-country ski boots, downhill ski boots, and mountaineering boots. The sports lines are sold in retail stores as well as through distributors. Fashion lines include cemented and injection-moulded women and men's footwear. These items are sold in retail stores.

Alpine owns its distribution network consisting of both proprietary stores and franchised stores. Wholesalers represent 75% of turnover and retailers the rest. 16% is sold on the domestic market, the rest abroad. The retail network comprises both proprietary stores in Slovenia (54 stores), Croatia (34 stores), Bosnia-Herzegovina (12 stores), Serbia (12 stores) and franchised stores in Bulgaria (one store), Hungary (two stores) and Romania (one store). The company is pursuing an expansion strategy which is based on setting up and controlling distribution.

e-Business activities

In the company's expansion strategy, e-business has not yet been fully exploited. While orders from retailers are being processed electronically, orders from wholesalers (the large majority) are managed in a traditional way: paper order or e-mail is uploaded manually. The process of integrating the retail network in the company information system required two years and was costly – although detailed information is not publicly available. The system was developed by the internal IT unit, which consists of about ten people, as standard solutions available on the market were not considered suitable to company's needs. It is based on a mainframe.

The company has achieved savings from the implementation of the system: lowering of stocks, speeding up of transfers between shops (where needed), improved lead-time. These achievements were quantified as the company carried out a customer satisfaction survey that demonstrated good progress of indicators related to satisfaction with customer services and logistics. Implementation and adoption have been supported by an extensive training programme, which is run on a continuous basis

Impacts and lessons learned

The limited degree of process integration at Alpina and the approach towards e-business can be considered as characterising a typical company in this industry. Main considerations arising from this case study are summarised in the following:

- A large, leading company with a proprietary distribution network and long standing relations with wholesalers is still **managing most of its selling activities in a traditional manner**.
- The implementation of an order management system required **ad hoc development** because no solution available on the market was considered suitable.
- Despite **satisfactory results so far**, the **extension** of online order management is **not foreseen**, nor is it considered a strategic priority at the moment. Adoption of integrated standard solutions (e.g. SAP®) is considered too expensive and not tailored to the company's specific needs. The adoption of CRM is also not foreseen in spite of the direct control and integration of a relevant part of the distribution network. Main reasons are cost and the envisaged complexity of the application.
- Strategic decisions and investments are **focussing** more **on production and rotation** where, according to the company's management, profitability is mostly at risk at the moment.
- The company seems keener to **grow stronger in areas where it is already in a leading edge** position rather than to innovate radically in other areas.

References

Research for this case study was conducted by Databank, on behalf of e-Business W@tch. Sources and references used:

- *Interview with Mr. Martin Kopac, Vice President, March 20 2006*
- *Websites:* www.alpina.si