

## 500 points of sale - network optimisation

### Background and goals

ValueQuest was approached by the COO of the French leader on windshield repair and replacement. Over the recent years, their branches network had known a fast expansion (doubled in size). As a result of their ambitious development plan, more than 200 new branches had been opened in France over the last few years, resulting in a high degree of heterogeneity in terms of branches' size, organization and format:

- Permanent or mobile installation (containers)
- Own premises or embedded in partner's point of sales (eg. gas stations or hypermarkets car parks)
- Business mix
- Onsite troubleshooting or not
- Direct supply or via a procurement platform
- Staff ranging from 2 to 10 people,
- With or without a dedicated manager,

A wide majority of sales points have met their goals in terms of revenues and profitability. However, the client had been expecting potential gains in operational efficiency, provided that the current organisation could be optimised (location grid and outlet formats).

### Approach

We had a very short period of time (a couple of weeks) to create a database gathering information on the features and the profitability of the points of sale, and to pinpoint the correlations between branches' characteristics and their operational and financial performance by means of a multivariate analysis. This analysis led us to define a segmentation of branches and an optimal format for each sales point according to multiple criteria, such as the type of location (urban, suburban...), the business potential of their catchment area and the distance to other points of sale.



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European

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The success of this project was based on two main factors. Firstly, it was important to have clear intuitions on key business drivers, to use an inductive approach to identify segmentation criteria in order to collect all the relevant information available before starting the quantitative analysis. Secondly, detailed analysis needed to be conducted with the utmost rigour to confirm and refine initial intuitions and produce synthetic and clear insights on ways for improvement.

## Outcome

By the end of this process, our client had gained a better understanding of the performance criteria and a clear segmentation of their branches, with a full set of recommendations on actions to be taken to optimise their network (including some specific implemented cases needing resettlement). Furthermore, our consultants ensured that the model was fully assimilated by our client and that it could easily be used to further improve the operational efficiency of its networks, with a view to their future expansion.



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