

SFS Is Our DNA

The Stanley Fulfillment System (SFS) is our way of business. It's more than manufacturing or operational efficiency. It's a mindset, innovating how all work gets done and how we deliver value to the customer. An integral part of the culture, SFS encompasses and continually improves all of our business processes. It synchronizes the front end of the business with an ever-improving supply chain. It drives all practices toward best practices. It's how we generate capital from acquired assets to fuel further diversification and expansion.

SFS is our competitive advantage, the core of our culture of continual improvement, and a relentless force for operational excellence and profitable growth.

We began implementing SFS in 2007, with a focus on accelerating our working capital turns. (Working capital turns refers to the number of times in a year that a company is able to convert its working capital into sales. The higher your turns, the more cash you free up for other purposes like acquisitions, dividends and share buybacks.) By the end of 2010, legacy Stanley had improved from 4.5 to 8.6 working capital turns. The Stanley Black & Decker combination brought us back to 5.7 turns. This represents a significant opportunity. We have the knowledge and discipline to nearly double our working capital turns over time by applying SFS to our acquired assets and continually improving our performance across the board.

Gains in working capital turns are just a part of the power of SFS. While reducing inventory levels dramatically, we have managed to raise service levels and customer satisfaction. We are working toward an ideal, what we call the "glass pipeline," connecting the entire supply chain closely and transparently with what is happening in the marketplace.

The discipline of SFS includes the following:

Sales & Operations Planning (S&OP) is a dynamic and continuous unified process that links and balances supply and demand in a manner that produces world-class fill rates while minimizing DSI (Days Sales of Inventory).

Operational Lean is the systemic application of lean principles in progressive steps throughout the enterprise to optimize flow toward a pre-defined end state by eliminating waste, increasing efficiency and driving value.

Complexity Reduction is a focused and overt effort to eradicate costly and unnecessary complexity from our products, supply chain and back room process and organizations. Complexity reduction enables all other SFS elements and, when successfully deployed, results in world-class cost, speed of execution and customer satisfaction.

Global Supply Management focuses on strategically leveraging the Company's scale to achieve the best possible price and payment terms with the best possible quality, service and delivery among all categories of spend.

Order-to-Cash Excellence is a methodical, process-based approach that provides a user-friendly, automated and error-proof customer experience from intent-to-purchase to shipping and billing to payment, while minimizing cash collection cycle time and DSO (Days Sales Outstanding).

Common Platforms are an essential component of leveraging technology to facilitate organic growth and integration of acquired companies. We develop standardized business processes and system platforms to reduce costs and provide scalability.

SFS: Our Secret to Doing Things Better

