TEAM HANES

How would you like to be in a retail business where consumers' purchases tomorrow can be dramatically influenced by the outcome of tonight's Bulls versus Knicks showdown? Or where the NFL announcement of a new franchise in Charlotte can send demand soaring for Panthers sweatshirts both regionally and nationally? Or where a slumping star can cause thousands of unwanted T-shirts to be left behind? This type of demand volatility can create operational and logistical nightmares. The end result can include the very challenging task of managing the availability of thousands of stock-keeping units (SKUs), the result of multiple seasons, sport, graphics, sizes, and styles. And, by the way, your retail customer wants five inventory turns annually and expects five-day order turnaround, 95 percent order fill rates, and account-specific pricing.

To respond to these customer needs, Team Hanes, part of Sara Lee Knit Products, launched its “vendor management program” for licensed sports apparel sold in mass retail markets. Team Hanes’s solution was to work more closely with the retailer to manage the category. This included setting and actively monitoring store-level model stocks, placing weekly replenishment orders based on point-of-sale (POS) sell-through data, and shipping price-ticketed product directly to stores. By managing the entire supply chain from the retail floor back through production, Team Hanes would be able to compress cycle times, eliminate inventory holding points (such as retail distribution centers), and respond better to volatile consumer demand.

Team Hanes’s former approach to supply chain management relied on at least three discrete inventory buffers to smooth the flow of goods through production and provide a reliable response to volatile consumer demand. This concept, however, was found to have three principal shortcomings: (1) at each step back in the supply chain from the retailer, volatility of demand increased and forecast accuracy decreased, the result being excessive overages of some items and excessive stockouts on other items at various points in the supply chain; (2) there was a failure to respond quickly to changes in demand at the retail level; and (3) similar inventory control approaches were used for all items, regardless of variability of demand.

To overcome these problems, Team Hanes adopted an operational infrastructure that meets demand more reliably and with less systemwide inventory than under the previous approach. The business system that was developed relies heavily on the use of store-level POS data in order to set model stock levels to meet projected demand, not the last few weeks of historical sales. The new approach also eliminates the need for retailers to hold inventories in their distribution centers and replenishes in-store model stocks directly from the Team Hanes Distribution Center. Production run sizes are optimized by item to balance economic order quantity (calculated based on item-specific volume characteristics) against forecast consumer demand over the near term. Raw materials inventories are held in the form of blank garments, which are sized based on the projected print schedule, ensuring a match between production plans and blank inventories.

This business system is designed to consistently and reliably deliver Team Hanes’s unique value to retailers as the business grows. It allows Team Hanes to manage the end-to-end supply chain for licensed sports apparel, maximizing revenue and profitability for both the retailer and itself.

文章一

Customized Transportation Inc. Pushes Curve in Integrating Customers’ Supply Chains

When BMW begins building 318i sedans at its new $400 million plant in Spartanburg, S.C., workers in blue smocks will deliver auto parts directly to the point on the assembly line where those parts are needed.

The blue-smocked workers will be employees, not of the BMW Manufacturing Corp., but of Customized Transportation Inc., the Jacksonville-based third-party logistics subsidiary of CSX Corp.

For CTI, the movement of parts directly to the assembly line points where BMW workers—in white smocks—will build them into 318is, marks a new level of integration into a client’s supply chain. While the practice is said to be common in Japan, the BMW plant is one of the first auto manufacturing plants in the U.S. where a logistics supplier will physically reach beyond the freight dock to the assembly line. (The Saturn plant in Springfield, KY, served by Ryder Dedicated Logistics, is another.)

Taking that final step is in keeping with the totality of services that CTI will be performing for BMW.

During its early stages—as it ramps up from producing four cars a day to an eventual 300 per day—the Spartanburg plant will rely on parts from Europe, particularly Germany. CTI will track and trace those parts and take physical control of them at the Port of Charleston. CTI’s own trucks or hired truckers—depending upon who can do the job at the least expense—will dray containers to Spartanburg.

BMW plans to shift to U.S. suppliers while ramping up production. CTI will initiate the “milk” or “loop” runs that are the hallmark of its service to other car builders. On those runs, trucks pick up parts from numerous suppliers on tight schedules and deliver to the assembly plant only as many parts as are needed for planned production and, of course, just when they are needed.

“The concepts that have worked well in the automotive industry are now being embraced by other industries,” says William C. Bender, who had been senior vice president-sales and marketing for Ryder/P-I-E and became president of CTI in 1983, when the company had revenue of less than $2 million and he was one of 20 employees. “The automotive industry had to emulate the Japanese. But the same pressures were not felt as intensely in other industries. Fortune 25 companies are now doing things from a total supply chain perspective.”

The logistics manager for the facility says that inbound logistics as provided by CTI has given it a major advantage over the company’s two main competitors in just a few months.

“They’re quality focused,” says this logistics manager. “They make fewer mistakes with probationary employees than we do with employees who have been here for 20 years."

CTI delivers 25 truckloads a day to the facility, most of which originates in an adjacent state. CTI also employs four tractor-trailers on 17 different loop runs that service 170 different suppliers, a number that will soon expand to 200. CTI has total inventory control for the 1,800 parts the plant now uses, a number that will be in the range of 2,500 later this year, and meters supplies to the plant. The company has been able to convert to returnable containers, with CTI making the returns, and has even found it possible to deliver finished goods to two distribution centers as CTI’s backhaul. LTL tracking and bar coding by CTI are in the offering.