

CASE STUDY Abercrombie & Fitch

Bigger Global Footprint, Smaller Transportation Staff

Serving a global market is a complex puzzle. That truth became abundantly clear at Abercrombie & Fitch (A&F) in the late 2000s, as the youth-oriented retailer started expanding into Europe and Asia.

"We had traditionally been a North American-based, single distribution point business, where all our products moved through Columbus, Ohio, to our stores in the United States and Canada," says John Singleton, the company's senior vice president, supply chain. Today, the Columbus supply chain operation orchestrates shipments to Abercrombie & Fitch, Hollister, and Gilly Hicks stores on three continents from three DCs.

It's a high-turnover business that generated about 55,000 purchase orders in 2010. "We ship by air and ocean freight from 13 countries and 35 ports," Singleton says. All the stores under each A&F banner are supposed to display the same merchandise in the same way. So it's crucial to let planners know when new shipments will arrive, and to alert them when one is delayed.

"We try to put a structure in place that allows us to manage exceptions," Singleton says. "To do that, we need a visibility tool."

A&F's homegrown logistics management system wasn't up to the global challenge. "The system required spreadsheets, e-mails, and phone calls," he says. "It was not automated, the information was always wrong, and we had to deal with a 12-hour time difference from our trading partners."

Those difficulties started to vanish in September 2009, when A&F converted to the *Supply Chain Visibility* solution from Management Dynamics, East Rutherford, N.J. Gathering data from A&F's vendors, forwarders, brokers, and other trading partners via electronic data interchange (EDI), the solution displays information that gives A&F up-to-date insight into its orders.

"In the past, the first time we knew we had cargo was when we received an e-mail on a cargo receipt from our freight forwarders or ocean consolidators," Singleton says. That cargo was already in transit.

Today, A&F gets notice of inbound shipments about 10 days sooner, when the vendor books transportation. With this added visibility, merchant teams don't need to manage 100 percent of inbound shipments. "They can manage the shipment that didn't happen and try to fix it before it misses the boat," Singleton says.

Supply Chain Visibility is a hosted solution, which proved an advantage as A&F got the system up and running. With a major project to install a new enterprise resource planning system also underway, the company had no information technology staff to spare. Because A&F didn't need to install the visibility software on its own computers, that wasn't a problem, Singleton says. Software upgrades, security, and other ongoing

concerns also are the responsibility of Management Dynamics, not A&F.

The visibility A&F has gained through the new solution allows it to manage its expanding international footprint without expanding its staff. "We increased international sales by 87 percent, and grew from one store internationally to 40 stores," Singleton says. "And we have fewer people working in transportation today than we did when we were located only in the United States."

The system also makes it easier to evaluate carrier performance. Forwarders and consolidators used to provide their own performance data, all in different formats, making it difficult to draw comparisons. *Supply Chain Visibility* collects the same data points for all service providers, so it's simple to do an apples-to-apples comparison.

Based on the results, A&F might shift certain trade lanes to different carriers to get better service. Also, the ability to monitor performance at any time keeps carriers on their toes. "They're more accountable now," Singleton says. "They never know which data we'll be able to compare and contrast."

SHIPPER: Abercrombie & Fitch (A&F)

PARTNER: Management Dynamics

GOAL: Gain visibility into global shipments.

OUTCOME: With global trade management software, A&F receives notice of inbound shipments about 10 days sooner than it used to, and can monitor transit and performance.



Converting from a manual system to a global trade management software solution facilitated Abercrombie & Fitch's expansion into global markets.