CUSTOMER CASE STUDY

"We needed a scalable solution that could handle our volumes. Our VP of Planning said the Manhattan system operates like it was designed by a planner rather than an IT person. It's user friendly, expertly sorts and navigates through data, and was by far the most intuitive solution we examined."

Tom Dillon, Vice President of Merchandising Systems
Follett Higher Education Group

follett HIGHER EDUCATION GROUP

Headquarters: Oakbrook, IL

Distribution locations: Approximately 900 stores in the United States and Canada

Manhattan solution: Assortment Planning, Financial Planning, Item Planning

Challenge:

Follett merchandise must hit college bookstore shelves in time for two annual back-to-campus selling seasons, but merchandise planning processes slowed delivery.

Goal:

More efficient methods to plan, order and place merchandise that would sell rapidly across approximately 900 bookstores.

Solution:

Follett implements Manhattan Associates' Planning Solutions that worked cohesively with its unique business processes.

Results:

Follett reduces product planning and placement time by 6 weeks and projects a 1% increase in sales and a 2% decrease in inventory.

Follett Higher Education Group readies for the back-to-campus rush with Manhattan's Planning solutions

Follett is a Supply Chain Leader
Manhattan Associates

Follett Higher Education Group Searches for Technology That Makes the Grade

Founded in 1873, Follett Higher Education Group is the seventh oldest retailer in the United States. The privately owned company generates consolidated sales exceeding $2 billion and employs nearly 10,000 associates throughout North America. Follett Higher Education Group (FHEG) is one of Follett Corporation's seven business units and is the nation's largest contract operator of college and university bookstores, with almost 900 locations. From the heartland to the inner city, across Canada and the United States, FHEG provides emblematic clothing and gift merchandise specifically designed and manufactured for each college campus—in addition to textbooks, school supplies, convenience items, general reading books and computer products.

The company supplies merchandise to a wide variety of colleges and universities, but is challenged to meet the specific needs of each campus due to the large disparity of traditions and preferences that must be considered. The company has nearly 40 planners and managers that continuously evaluate vendor merchandise to determine the best product offerings for each school.

There are two high volume selling seasons for FHEG, including the start of school in August, and the return to campus in January for the second term of the school year. "We've tagged these as our two 'Christmas' seasons, and the successful planning and implementation of these periods tremendously impacts our bottom line," said Tom Dillon, vice president of merchandising systems for Follett Higher Education Group.

FHEG planners have traditionally met their deadlines, but exhausted themselves using manual processes that took approximately six weeks just to input data. "Our systems simply could not handle the volume of detailed store-level sales history needed to build assortment and item plans," explained Dillon.

Manhattan SCOPE®

> *The ability to complete assortment plans more efficiently has increased FHEG sales and margins with an improved mix of merchandise for each store. In addition, the company estimates it will reduce inventory expenses by 1-2% annually, generating lower carrying costs.*

The planners required a better method to predict and order the best merchandise assortment to sell rapidly during its 'Christmas' seasons. "There isn't much opportunity to replenish our products in stores that are flooded with customers during these sales crunch periods," said Dillon. "We have to get the right products in place at the right time, or an off campus retailer will capture a portion of our business."

While Other Supply Chain Vendors Gave it the Old College Try, only Manhattan's Solution Replicates Follett Business Processes

Before the company began its search for a technology partner, FHEG analyzed and documented its retail business process, including its unique planning methodologies. "Our model is quite different from other retailers," explained Dillon. "Campus bookstores must be stocked with a myriad of products, and each store varies." In addition, FHEG drop ships its products directly from the manufacturers to retail outlets—no warehousing is required.

Having developed their planning processes over many years, and knowing they worked efficiently, FHEG set out to find a technology solution that would replicate its methods. "We didn't want to mold our processes to a system that requires us to change a highly-refined planning structure that suits our needs." Dillon and his team searched for a solution that could integrate with its merchandise management system and hit the ground running without major modification.

During a 12-month period, Dillon's team worked closely with FHEG's General Merchandise Planning Department to research Assortment and Item Planning solutions from various vendors. They attended industry trade shows, viewed demonstrations and systematically ruled out each provider that "didn't make the grade". In the end, only the Assortment, Financial and Item Planning modules from Manhattan Associates met FHEG's requirements.

"I've been implementing retail software for more than 15 years," stated Dillon. "I have never seen any package that worked without modifications, like Manhattan's solution. It required a minimal amount of development work and has been completely configurable to our business processes. That was quite a victory for us."

Manhattan Trims Six Weeks off FHEG's Planning Schedule and Delivers Profitable Solution

FHEG took an aggressive implementation approach, tackling the Assortment Planning and Item Planning processes in just six months. Overall, the company met its budget and operating goals, and quickly began to experience the benefits of the solution.

Manhattan's Planning solutions allowed FHEG to fine-tune how it orders merchandise based on assortment and item plans that the store planners generate. What previously required six weeks of manual purchase order data entry was reduced to an overnight interface process, eliminating the need to continuously hire staff for this process as the company took on more campus stores. Store planners are pleased they can focus more of their attention on their customers and less on data entry labor.

"We needed a scalable solution that could handle our volumes," said Dillon. "Our VP of Planning Denise Parker has always said that the Manhattan system operates like it was designed by a planner rather than an IT person, which is high praise. It's user friendly, expertly sorts and navigates through data, and was by far the most intuitive solution we examined."

Now the company is on target to realize a significant return on its investment with Manhattan Associates. The ability to complete assortment plans more efficiently has increased FHEG sales and margins with an improved mix of merchandise for each store. In addition, the company estimates it will reduce inventory expenses by one to two percent annually, generating lower carrying costs. With more efficient processes in place, FHEG has eliminated a full six weeks in the planning and ordering cycle that had put an extreme strain on vendors' ability to meet delivery commitments in time for back-to-school. Significant ROI will be achieved through increased sales as well as reduced labor and inventory costs, due to implementing the Manhattan solution.

FHEG continues to add campus bookstores each year. Next, it plans to evaluate Manhattan's Demand Forecasting module to help the company strike the right balance between customer wants and the inventory investment required to meet that demand.