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Mark Holmes, Vice President of IS and Liquidations, The Orvis Co.



**Headquarters:** Manchester, VT

**Distribution Centers:** 1 in Virginia and 1 in the UK

**Manhattan solution:** Planning, Replenishment, Warehouse Management, Slotting, Labor Management, Performance Management

## Orvis continues tradition of providing products for distinctive country living with new supply chain solutions

Orvis is the oldest direct marketing company in the U.S. and has been outfitting its customers for sporting traditions since 1865. Orvis offers a true lifestyle brand focused on “distinctive country living” selling world-famous fly-fishing gear, as well as distinctive clothing, home furnishings, gifts and dog products. To reflect its appreciation of sporting traditions and commitment to the natural environment, Orvis donates 5% of pre-tax profits each year to conservation efforts nationwide. In addition to millions of long-time customers that receive Orvis catalogs each year, the company has over 50 retail stores in the U.S. and the UK, and more than 500 Orvis dealers worldwide who sell and service the Orvis product line. The Orvis website offers the company’s widest range of products for men’s and women’s clothing, fishing, home, dogs, hunting and liquidation sales. Beyond multi-channel retailing, Orvis operates fishing and wing shooting schools, endorsed lodges and guides, real estate sales and a travel business focused on outdoor experiences.

### Challenge:

Complex assortment of inventory and independent channel buying decisions led to significant overstocks, inefficiency and compromised customer service.

### Goal:

Gain visibility to channel needs and inventory position, optimize inventory buying across channels, reduce overstocks, and optimize customer fill rates.

### Solution:

Manhattan Replenishment selected to address Orvis’ retail store replenishment in 50+ U.S. and U.K. stores.

### Result:

Increased efficiency and productivity, reduction in overstocked items and improved customer fill rates.

### Challenged with a Huge Assortment of Inventory and Multiple Channels, Orvis Needed to Reel in Inventory Productivity

With such a broad assortment across multiple categories—men’s and women’s apparel, pet products, kids products, fishing, hunting and many others—inventory productivity was a tremendous challenge for the retailer. According to Mark Holmes, vice president of IS and Liquidations for Orvis, “Fishing and hunting in particular include many SKUs of highly specialized inventory. We had a ton of inventory that we were treating the same way. We looked at it every week and reordered without knowing our true sell-through and how future forecasts should affect order quantities. We were turning inventory in our retail stores much slower than industry best practices. And we didn’t have the systems or the visibility to focus our improvement efforts. As we opened more retail stores, we got to a point where a third of our inventory was sitting in stores versus in our warehouse, so getting a good handle on inventory became more important as we continued to expand that channel.”

## Orvis Uses Manhattan Solutions to Optimize a Common Pool of Inventory Across Channels

Orvis selected Manhattan Associates' Advanced Planning suite of solutions to address its X-Channel inventory planning and its Replenishment system to optimize Retail store replenishment. Holmes explained, "We were seeking a single partner for all of our supply chain solutions and chose Manhattan based on the company's reputation and full suite of solutions."

According to Holmes, the Replenishment system's inherent best practices were rapidly adopted across the organization and the learning curve was "relatively painless". This was critical, because Orvis' core competencies lie more in the consumer direct channels, so care was taken to not re-invent the wheel or rationalize retail practices to fit the catalog legacy. The solution integrates with Orvis' fulfillment system so when looking at the selling velocity in its retail stores, Orvis knows what's on hand in the warehouse, when items will be out of stock and when they'll need to ship them, including the lead time to determine when to place an order to the fulfillment systems to replenish the stores. "The Multi-Channel Planning solution will enable us to feed plans into the replenishment system as well so that as we plan assortment changes, we can feed it to Replenishment and factor in a model for running down the inventory or ramping up for new items," explained Holmes.

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*“Getting unproductive stock out of the way and the ability to ensure we don't run out of sizes and items customers want has improved our customer service. But at the end of the day, it's all about profitability. We budgeted an inventory productivity improvement for next year, even in our current economy. We're basing this on what we expect the Replenishment system will do for us.”*

Mark Holmes, Vice President of IS and Liquidations,  
The Orvis Co.

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“Most multi-channel retailers focus predominately on one channel and have another channel as a 'hobby'. For Orvis, it's becoming pretty evenly split—which raises the bar on our ability to manage all aspects of inventory. We manage inventory as a common shared pool, so anybody can get to it.”



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## Orvis Reports Increased Efficiency and Productivity, Cost Savings and Improved Customer Service Capability

“Our ultimate goal is to ensure an item is in stock when the customer wants it and to identify slow movers so we can minimize the unproductive inventory crowding our stores. This will give us space for new and exciting inventory, particularly as we go through season changes. The changeover to spring is an important event in our stores because fly fishermen are “jazzed up” to get out on the water. If our inventory is full of items that aren't moving, we'll have a pretty stale store,” said Holmes.

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Orvis has already witnessed a decrease in inventory flowing to its stores for slow-moving products and has identified overstocks of approximately 40% in all stores, setting goals to drive that number down. Holmes explained, “Just the identification of the overstock is perhaps the most significant benefit. Soon after we started using the solution, we identified dozens of items that we may never have to order again. For some highly specialized items, if we have three in a store, the system projects that we won’t need to order more for two years. Instead of ordering more for a particular store, we now have the visibility to transfer units from another store. Simply broadening the visibility of what we have and what we really need is starting to generate the right behavior—our people are starting to think about the supply chain as a whole. We’ve saved money not making some of the large purchases we would typically make at the beginning of a season simply because we can now see what we have on hand,” said Holmes.

We have some very talented people in our inventory and retail divisions, who were hamstrung by our older catalog based systems. These new systems will eliminate the hurdles and allow them to make more informed and more important decisions every day.

“In our former green-screen environment, the planning analyst had to look at every single line item, every day to stay up to date. Every time the store sold an item, the system sent another one to replace it. It didn’t factor in the fact that we were trying to run down at the end of the season, so the planners constantly manipulate the system for even the lowest volume items. The Replenishment solution factors this in—for example, we sold three of an item, but we should only ship one because based on the sales curve we planned in the system, we want it to be out of that item by Thanksgiving.” Replenishment also prioritizes exceptions—for example, the severity of overstocks. Planners are better able to prioritize their work, which has greatly increased efficiency.

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“The ability to share inventory and leverage it across all channels is a real competitive differentiator. Some retailers I hold in high regard have abandoned this strategy and have started to separate retail and consumer-direct inventory—and one can prove mathematically that this will cause you to sell less,” said Holmes. “At some point, a customer will want something on your website and it’s being held up in retail. While we primarily fill orders out of our warehouses, our approach is to provide operational flexibility to get to inventory in other channels when necessary so we can fulfill our UK customers out of Virginia if there’s not enough stock in the UK, or we will pick an item right out of the retail store to fulfill a catalog order. Conversely, retail stores can sell and have shipped any item Orvis sells in any other channel. We plan and procure inventory across all of our channels, and optimize our operation so we fill any customer order with inventory sitting anywhere in our enterprise” explained Holmes.

“We call it our ‘save-a-sale’ strategy. If we have a customer anywhere in our enterprise waving a credit card to buy an item, our systems have the ability to find the desired item and ship it to the customer—wherever it happens to be. It could be on a mannequin in a Manchester, Vermont store and if it’s the only one we have left, we will send a pick ticket to that store instructing them to ship that item to this customer.”

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Holmes concluded, “Replenishment is just one part of an integrated suite of solutions from Manhattan that will give us the supply chain planning and execution capabilities we’re looking for to move us toward our goal of being a true world-class multi-channel retailer.”

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