

# Blurring the Lines Between Manufacturing and Retail

Chuck Fuerst



In the old days (just a few years ago), a product was created by a manufacturer, sent to a national distribution center (DC), then to a regional DC, then to a store and finally to the customer. The flow of the order was typically straight, narrow and unwavering. But in the multi-channel world we now live in, a retailer may demand that you the manufacturer ship an item directly to the customer (individual or business), or perhaps you've set up your own retail or e-retail operation and sell directly to your customer. Thanks to this evolution, the manufacturing and retail industries have more in common than ever before, and the straight and narrow path of product movement has turned into a roundabout in which the channels of order and fulfillment are intertwined.

If this is your reality, you need technology that can meet your market needs now, as well as transform itself to meet your new needs down the road. Here are the three ways a warehouse management system (WMS) can pave the way to success in a

multi-channel marketplace:

## **The need for speed**

Across the board, your customers probably want your products delivered faster. As a manufacturer, you have to balance the right amount of inventory that fulfills demand without holding excess product and dampening your profits.

Your warehouse may handle all kinds of order fulfillment, including many different units of measurement, flexible value-added services, e-commerce and shipping systems that support multi-carrier parcel, LTL and full-truck shipments. A WMS bridges channels and has the ability to integrate with material handling equipment to provide significant optimization benefits, such as being the ultimate master database of all transactions affecting inventory—the hub for improving overall supply chain execution and providing a great multi-channel experience.

## **Continuous transformation**

How quickly are you able to respond to new demands, processes and regulations? This uncertainty has always plagued supply chains to a certain extent, but it presents particular challenges now because of the speed at which it's occurring and because of the more heated global competition in manufacturing. If your operations can't quickly transform, you'll be left behind. If your software can't quickly transform, you are stuck with work-arounds or patching together processes that become bloated and cumbersome.

To meet the needs of a multi-channel manufacturing supply chain, WMS functionalities have expanded beyond the four walls of a DC or warehouse and out to a back office, onto retail floors and even integrated with POS systems. This enables manufacturers with a retail presence to have real-time control and greater visibility of all inventory, providing the ability to better track items in the event of a recall or react to product shortages for replenishment to minimize stock-out surprises. This also means better visibility for sourcing products from untraditional locations, such as a brick-and-mortar store. The ability of the right WMS to continuously transform itself to meet your changing needs – without the need for custom code or costly updates – will ensure that you not only keep up with the market, but lead the pack.

## **Better visibility for reverse logistics**

A multi-channel fulfillment strategy may make sense for consumer demand, but does it also make sense for your reverse logistics' processes? While you need to please the customer, you also need to be profitable. You must have an understanding of the items in transit, as well as have processes in place to quickly handle that merchandise and get it back into inventory so you can accurately fulfill orders.

A WMS that can transform itself to your unique needs can help here, too: it provides real-time inventory information to your customers, trading partners and store

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management. It should have the ability to integrate with order management, replenishment, supply chain planning, POS and ERP systems for quality customer service and supply chain efficiency – no matter what fulfillment center configuration you require. It is the central component to inventory management and overall visibility, communicating an accurate inventory count at every stocking location from which fulfillment can occur, as well as understanding what inventory is on its way into those locations and when it will arrive.

### **Ashley Furniture: A supply chain that evolves with the business**

Ashley Furniture, the largest home furniture manufacturing company in the world, has experienced explosive growth: Within 10 years of opening its first HomeStore in 1997, it had become the top furniture retailer in the U.S. Its more than 500 HomeStores are a mix of company-owned stores and licensee stores that are independently owned and operated throughout the world.

The growth of the company brought with it supply chain challenges from both the retail side and manufacturing side, including improving inventory accuracy, adding RF-directed workflow and managing overall efficiencies. The company needed a supply chain software solution that could transform with its evolving needs.

With the implementation of adaptable supply chain management software, the manufacturer and retailer has enjoyed gains in efficiency and productivity. For instance, improved overall inventory visibility has allowed Ashley to more accurately plan outbound activity: When a truck needs to be filled, Ashley knows how much inventory is in stock at the warehouse, how much is off-site, how much is in the yard, how much is in transit, and how much is currently in production. The system can look at these variables and create the required inventory decisions and associated moves (i.e., planned yard moves, off-site replenishments, planned cross-docks, pick waves, etc.) to ensure the available product is coordinated to meet the needs of an outbound truck. In this complex environment, transformative technology allows Ashley to implement specific timing and synchronization among many moving parts.

### **Blurring the lines**

A multi-channel marketplace may require or encourage manufacturers to branch out into new markets. Whether your products travel the straight-and-narrow route of DC to store to customer, or whether you are taking on a retail component, a WMS can deliver the speed and adaptability needed to fulfill orders from anywhere, to anyone and from anyone in order to help you succeed in this new environment.

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[1] <http://www.highjump.com/>