

*"Manhattan Associates has proven to be the consummate partner to help us create a leading-edge logistics operation and distribution model to support our consistent growth."*

Steve Lyman, Senior Director - Logistics, American Eagle



## AMERICAN EAGLE OUTFITTERS

**Headquarters:** Pittsburgh, PA

**Warehouses:** 3 (Warrendale, PA; Ottawa, KS, Mississauga, Ontario)

### Manhattan solutions:

Warehouse Management, Distributed Order Management

# Productivity soars at American Eagle's distribution centers

## Efficiency Rises Dramatically with National Expansion

American Eagle Outfitters is a leading lifestyle retailer that designs, markets and sells its own brand of casual, fashion-forward clothing for 15 to 25-year-olds. This includes jeans and graphic t-shirts, as well as a stylish assortment of accessories, outerwear, footwear and swimwear. Keeping merchandise fresh and well-stocked through a fine-tuned supply chain is key to successfully catering to the company's target audience.

In 1999, American Eagle had approximately 400 stores and was mounting an aggressive expansion plan to open 50 additional stores each year. (Today, the company operates more than 900 stores in the U.S. and Canada.) At the same time, it began searching for a scalable warehouse management solution (WMS) that could keep pace with this growth and be rolled out to new distribution centers (DCs) as they came online in addition to the existing Warrendale, PA facility. The company also wanted a solution that could pre-allocate all merchandise at any given DC, assist with vendor compliance issues, as well as handle case level advance ship notices (ASNs) and compliant case labels from all vendors.

## Manhattan Functionality and Expertise Met All Client Requirements

American Eagle selected Manhattan Associates' Warehouse Management solution. Functionally, the solution met all of the company's requirements, and strategically, Manhattan's overall experience and expertise in the retail industry gave the company confidence that the Warehouse Management solution was the right choice for the job.

## The Solution Facilitates Rapid Flow From DC to Stores

American Eagle took a phased "go-live" approach to rolling out the Warehouse Management solution in three facilities. The initiative kicked off in 2000 at the DC in Warrendale, PA. Implementations at a brand new facility in Ottawa, KS, and at a third-party location managed by National Logistics (a subsidiary of American Eagle) in Ontario, Canada, followed shortly after.

## Challenge:

Develop a supply chain that could keep pace with aggressive expansion plans.

## Solution:

Manhattan solutions enabled the company to keep pace with national expansion while reducing inventory levels and setting records for volume and accuracy.

## Results:

\$680,000 savings in annual productivity, 99.8% shipping accuracy, flow-through merchandise tripled, inventory reduced by \$4.5 million annually.



*Manhattan's Warehouse Management solution has reduced American Eagle's inventory by \$4.5 million annually and produced \$680,000 in annual savings through improved DC efficiency and productivity.*



The operating flow for all three locations is quite similar. Before merchandise arrives, American Eagle receives an ASN for the goods, which details all the cases in each shipment. American Eagle then parses the ASN data against all open orders, and individual cases are matched to stores requesting the merchandise. On average, 60-80% of American Eagle's product is pre-allocated as flow-through merchandise to the stores, and spends less than half a day in the DC.

#### **Volume and Accuracy Records Broken While Millions of Dollars Are Saved**

Prior to implementing Manhattan Associates' solution, American Eagle ran three shifts per day Monday through Friday, and worked numerous Saturday shifts. Today, the company ships a record number of orders in just two shifts per day Monday through Friday, and only operates on weekends during peak periods. This increase in efficiency has resulted in a \$680,000 savings in annual productivity.

In addition to more efficiently shipping greater volumes, product is now turned around in record time. Put-to-store orders (full cases to be packed down between stores) and break case orders (entire cases are consumed into picked bins for delivery to packing rows) are processed in less than 10 hours, and cross docking of ship direct (full case) orders can take place in as little as an hour. Previously, only 10% of goods were cross docked; since the implementation of Manhattan Associates' solution, this figure has increased to 25-50%. At the same time, shipping accuracy is at an all-time high of 99.8%.

Because the level of flow-through merchandise has tripled, American Eagle's inventory levels are at an all-time low across the board. In fact, since the implementation of the Warehouse Management solution, the company has reduced inventory by \$4.5 million annually.

#### **American Eagle Sets Even Higher Goals**

Although inventory is currently at an all-time low, American Eagle refuses to become complacent in its success. The company continues to strive to further decrease the amount of inventory put into reserve, and has set a goal to increase flow-through merchandise from 60-80% to 70-90%. The company has also achieved 95-97% vendor compliance, but is focusing on driving this number even higher.

American Eagle's National Logistics facility in Canada is taking on additional retail clients and the company is considering the possibility of self-managing its direct-to-consumer business, which is currently outsourced to a third-party provider.

#### **Learn more about Manhattan Associates and our solutions:**

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