

PET SUPPLIES PLUS LAYS A FOUNDATION FOR GROWTH

with Manhattan Solutions

OPERATIONS

Home office: Livonia, MI
Distribution center: Seymour, IN

MANHATTAN SOLUTIONS

Inventory Optimization (IO)
Warehouse Management (WM)
Labor Management (LM)
Slotting Optimization (SO)
Supply Chain Intelligence (SCI)

PET SUPPLIES PLUS
GREAT PRICES. NO BEGGING.



CHALLENGE

Pet Supplies Plus planned to consolidate distribution centers and adjust their business model. They needed a platform of flexible supply chain applications to help them achieve their short-term objectives as well as their long-term goals.

SOLUTION

The company chose a suite of Manhattan supply chain applications. They started with a fast implementation of Inventory Optimization, followed quickly by other applications. They continue updating their systems as the business changes.

PROGRESS & RESULT

The company quickly reduced distribution center inventory by 10%. Turns improved at same time they achieved order-fill rates of nearly 95%. Service level exceeded their goal by nearly two points.

“The features and functions of Manhattan’s systems have been very robust and flexible. We’ve already realized significant value from choosing Manhattan’s platform of integrated supply chain applications. We expect to see even more value in the future.”

MILES TEDDER, CHIEF OPERATING OFFICER

INTEGRATED SOLUTIONS BRING NEW VALUE

for Pet Supplies Plus

300+ NEIGHBORHOOD STORES SERVE PET OWNERS IN EASTERN U.S.

Pet Supplies Plus, one of the largest specialty pet retailers in the United States, faced a big transition. After 22 years of independent operation, the company was under new private equity ownership.

The company was changing its all-franchise business model. In the future they would own and operate some of their branded stores. At the same time, they would consolidate their distribution centers from two sites to one.

Pet Supplies Plus needed new information systems to enable the changes. That was the primary need that led them to Manhattan Associates, says Miles Tedder, chief operating officer.

The chain now owns and operates about half of the 325 stores that bear its logo. Franchisees operate the rest.

The stores or "pet centers" are in 25 states and expanding. They sell pet food, treats, toys and other hard goods.

INVENTORY MANAGEMENT GOALS DRIVE SYSTEM PRIORITIES

Pet Supplies Plus had four main goals for the distribution network when they started their project, Tedder says. They wanted to:

- Standardize business processes
- Increase labor productivity
- Improve order accuracy
- Reduce inventory investment

The company intended to achieve these goals with an average order-fill rate of better than 93% to all stores and a distribution center fill rate greater than 99.5%.



"We've seen an 8% to 10% inventory reduction in our distribution center with IO. It's worked very, very well for us. Our CFO is very pleased with the improvement in turns. And we have aggressive targets for further reductions. We believe we can achieve them while continuing to exceed industry fill rates."

DC REPLENISHMENT TOPS THE LIST OF SYSTEM NEEDS

Before the changes, the pet centers replenished their inventories from two company-owned distribution centers (or DCs). Stores also ordered from a network of wholesalers.

The company consolidated two Michigan DCs into a single new Indiana location that occupies over 800,000 square feet (74,000 square meters).

The central office, or Pet Central, needed a forecasting and replenishment system to order inventory for the new DC. Pet Supplies Plus wanted a system flexible enough to accommodate future changes in their business.

Initially, the new system must forecast and replenish about 7,500 active SKUs (or stock-keeping units) at the DC. The Inventory Optimization (IO) system would forecast demand from the history of the DC's shipments. Stores would generate their own replenishment orders outside IO. However, in the future IO will also be used to forecast and create store orders.

FORECASTING AND REPLENISHMENT CHALLENGES POINT TO ONE SOLUTION

The company's merchandise mix includes fast- and slow-moving items, promotional items, perishables and imported items. Each type of item presents its own set of forecasting or replenishment challenges.

EXPERIENCE, SUPPLY CHAIN PLATFORM AND LOW VENDOR RISK CLINCH THE DECISION

"We chose Manhattan for its broad experience with other retailers," Tedder said. "Manhattan had even worked with another pet-supply retail chain."

Pet Supplies Plus also wanted a full platform of integrated supply chain products, Tedder said.

The first systems the company needed were for forecasting and replenishment, warehouse management, labor management, slotting and supply chain reporting. When appropriate, they plan to activate order management and transportation management, Tedder said. They want all the pieces to fit together.

Finally, vendor viability was also an important factor in the decision. Due diligence showed that Manhattan is a stable company, Tedder said, and Manhattan's references were strong.

FAST IMPLEMENTATION METHOD DELIVERS A SYSTEM IN FIVE MONTHS

Pet Supplies Plus worked with the Manhattan services team on a rapid deployment of Inventory Optimization.

For speed, the team focused only on the most necessary business processes and software capabilities. They did no customization and created only basic interfaces to other systems.

The company went live with IO just five months later. They reached that point without significant issues or budget concerns.

In parallel, Pet Supplies Plus also implemented the Manhattan Warehouse Management system (WM). They've since implemented Supply Chain Intelligence (SCI) for operational reporting with WM. They're also using Labor Management (LM) and Slotting Optimization (SO).

INVENTORY'S DOWN, SERVICE IS UP, PRODUCTIVITY IS GOOD

The replenishment team achieves 94% to 95% fill rates from the DC to the stores, according to Jeff Suttle, SVP inventory management and merchandise services. They count their fill rate, Suttle says, by the number of SKUs shipped on time in the quantity ordered.

"We've achieved good forecast accuracy, even for items that are heavily promoted," Suttle says. "The forecasting capability in Inventory Optimization is great for forecasting both our fast-moving and slower-moving products."

"We've seen an 8% to 10% inventory reduction at the DC. IO has worked very, very well for us," Suttle says. "Our CFO is very pleased with the improvement in turns. We still have aggressive targets for further reductions. And we think we can achieve them while continuing to exceed industry fill rates."

SYSTEM FLEXIBILITY ENABLES GROWTH

Pet Supplies Plus has undergone big business changes since they chose Manhattan's supply chain systems. They expect more changes as they grow.

"The features and functions of Manhattan's systems have been very robust and flexible," Tedder says. "We've already realized significant value from choosing Manhattan's platform of integrated supply chain applications. We expect to see even more value in the future."

