

LAMPS PLUS SHINES NEW LIGHT

On Supply Chain Efficiency
with Manhattan Associates

OPERATIONS

Headquarters: Chatsworth, CA
Distribution Centers: 1
Platform: IBM i

MANHATTAN SOLUTIONS

Warehouse Management, Labor Management

Mobile computing solution:
LXE HX2 Wearable Computer,
VX3 Vehicle-Mount Computer,
MX7 Handheld Computer

LAMPS PLUS.



CHALLENGE

Inventory expansion had outgrown the capabilities of the company's warehouse management system so Lamps Plus needed to improve DC accuracy and efficiency, including staffing requirements.

SOLUTION

Manhattan capabilities and functionality streamlined all aspects of DC operations.

PROGRESS & RESULT

Inventory accuracy is 98%-99.8%, physical cycle counts eliminated, slotting is more efficient, 99+% store fill rate, DC staff reduced.

"Manhattan's solution has become the foundation of nearly all our DC operations."

CLARK LINSTONE, CHIEF FINANCIAL OFFICER, LAMPS PLUS

A BRIGHT FUTURE

for Lamps Plus

INVENTORY ACCURACY, SLOTTING, FILL RATES AND LABOR UTILIZATION ALL IMPROVE

Lamps Plus is the largest specialty lighting retail chain in the U.S., with 45 stores throughout the western and southwestern states, and catalogue and Internet sales. All retail locations and customers are served by an 800,000 square foot distribution center (DC) in Redlands, CA that houses approximately 15,000 SKUs, including lighting products, ceiling fans and home furnishings.

In this highly competitive retail environment, the company has succeeded through a combination of operational efficiency and strategic additions of locations and related products. Problems began to arise, however, when expanding inventory outstripped the capabilities of a smaller DC and an existing legacy warehouse management system.

SUCCESS SPOTLIGHTS LEGACY SYSTEM'S LIMITATIONS

As Lamps Plus's locations and inventory continued to grow, it added auxiliary buildings at the DC and shifted product positions to maximize storage capacity, which was less than half the size of the current Redland facility. However, constantly changing SKU locations and a legacy tracking system that required extensive manual processing had a negative effect on operational efficiency. "Accuracy wasn't good," says Clark Linstone, chief financial officer. He explains, "We had errors that crept into the system because we were manually inputting inventory movement from paper records. It wasn't a system that was going to take us to the next level."

For example, drivers with printed lists made their way around the facility to pick items. If they discovered mistakes, delays resulted for up to two days as inventory control personnel would have to research and correct the error. In addition, all processing was halted for up to two days to take full physical inventories. As volume increased, so did the labor required to simultaneously maintain fulfillment levels and fix errors.

MANHATTAN & LXE GREEN-LIGHT ROBUST FEATURES THROUGH THEIR POWERFUL PARTNERSHIP

The search for a new warehouse management system began as preparations were underway to move inventory to the Redland DC. One of the requirements was to find a solution that could function within the company's existing IBM-based infrastructure. After numerous site visits, user conferences, and extensive feedback

from other Manhattan customers, Linstone says, "All the input and recommendations were very positive—and of all the IBM i solutions we considered, WMS was the closest to being operationally bulletproof."

The same was true of Manhattan's implementation at the new Lamps Plus facility. There were concerns about disruptions to store and customer service, but Linstone



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characterizes the installation by saying, "We had normal shipping from day one, which is very, very impressive for a new system with very complex processes."

That included integrating WMS with a mobile computing solution from Manhattan partner LXE. The handheld and forklift mounted computers are an integral part of the system's automated capabilities, and are included as part of the overall maintenance and service of the comprehensive WMS system. That system includes the HX2 wearable computer, which allows for hands-free picking, scanning and multimodal data entry; the MX7 handheld computer, a versatile unit with scanning range from 4"-40'; and the VX3Plus vehicle-mount, a compact and nimble solution ideal for smaller vehicles and tight spaces.

According to Linstone, "Having the comprehensive range of hardware solutions from LXE empowered each employee with the visibility to the information from WMS they needed to complete tasks accurately."

WMS ILLUMINATES IMPROVEMENTS IN DC OPERATIONS

Within months of implementing WMS, accuracy rates jumped to between 98% and 99.8%. "The beauty of the system is that it's actually very difficult to make a mistake," Linstone exclaims. "If you try to pick the wrong product, it won't let you proceed. Or if an item is scanned properly but gets slotted in the wrong place, it's detected and adjusted very quickly."

Additional improvements include:

- 99+% store fill rates
- Automatically triggered "perpetual" cycle counts
- No down time for physical inventories
- Elimination of manual processing
- Increased slotting, put-away and picking efficiency
- Reduced staffing requirements

MANHATTAN WILL SCALE TO ACCOMMODATE FUTURE GROWTH

Lamps Plus continues implementing plans for location and assortment expansion. So far that has included the addition of a variety of accessories, accent furniture, rugs, and a custom buildy-our-own-fan program. As the economy and retail leasing prices become more attractive, new retail stores will be added, as well.

With WMS in place, Lamps Plus has a flexible, robust solution able to scale capabilities to address the challenges of these and other growth opportunities.