

ARGOS DIRECT STRENGTHENS MULTI-CHANNEL RETAIL OPERATION

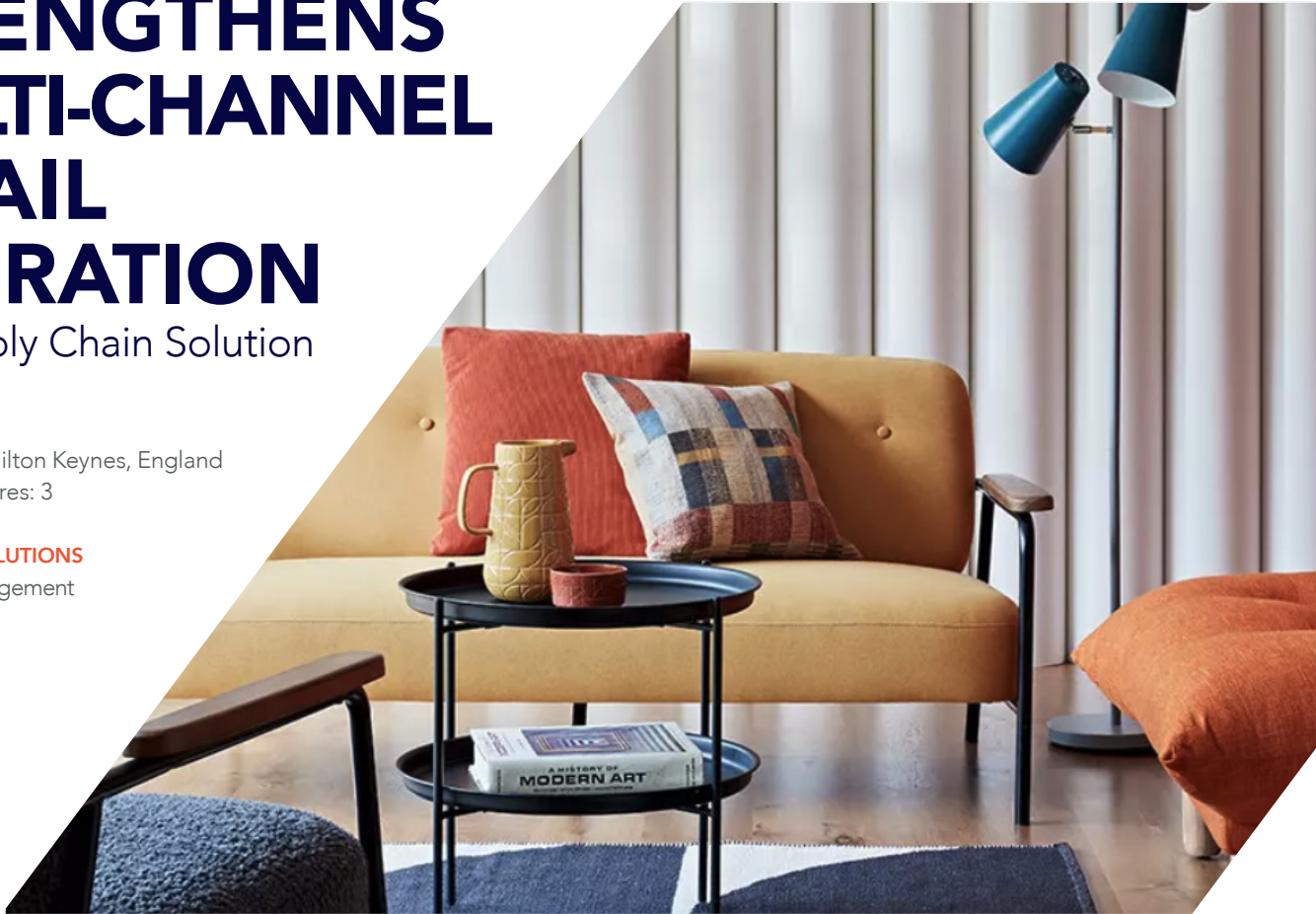
with Supply Chain Solution

OPERATIONS

Headquarters: Milton Keynes, England
Distribution centres: 3

MANHATTAN SOLUTIONS

Warehouse Management



CHALLENGE

In-house warehouse system unable to process greater throughput effectively.

SOLUTION

Manhattan solution facilitates smooth data migration and is implemented with no operational disruption.

PROGRESS & RESULTS

Argos Direct increases efficiency in nearly all aspects of warehouse operations and improves responsiveness while reducing order errors.

"With support from the team at Manhattan Associates, I believe we have achieved something that's pretty rare in this industry—we have successfully implemented an entirely new system into a fully operational site without losing a day's work."

PETE CONNOR, IS DIRECTOR, HOME RETAIL GROUP

ARGOS DIRECT AND MANHATTAN SOLUTIONS

IN-HOUSE WAREHOUSE MANAGEMENT SYSTEM UNABLE TO COPE WITH VOLUME INCREASES

Argos Direct is the delivery-to-home operation of Home Retail Group, the UK's leading home and general merchandise retailer. Argos boasted sales of more than £4.2 billion in the last financial year. The Argos web site is the second most visited retail site in the UK. On average, 17 million UK households, or nearly two-thirds of the population, have an Argos catalogue at home at any given time.

Argos Direct runs three warehouses in the UK. The oldest, Acton Gate in Staffordshire, originally served the entire country. Argos Direct opened a second, purpose-built, 650,000 ft² warehouse at Marsh Leys, Bedfordshire and built a third in 2005 on the same scale at Faverdale, near Darlington. The warehouses now serve the middle, south and north of the UK, respectively.

The first two warehouses operated primarily on a custom-built, in-house system. This system ran order management, order taking, forecasting, replenishment and warehouse management. It functioned reasonably well but was not sufficiently scalable or flexible to cope with significant increases in throughput. To upgrade the order management and order taking functions, Argos Direct gradually introduced systems from third-party vendors. The company determined that the third warehouse required an entirely new warehouse management system.

INITIAL PILOT RUNS EXTREMELY SMOOTHLY, MANHATTAN SOLUTION IMPLEMENTED IN TWO WAREHOUSES

Argos Direct selected Manhattan Associates' Warehouse Management for a small pilot of 14 white goods stock-keeping units (SKUs) at the Marsh Leys site. The success of this project led to full implementation of the solution in the new Faverdale facility. Radio frequency (RF) equipment from Psion Teklogix was selected to complement the warehouse management solution.

The implementation went extremely smoothly and Argos Direct decided to also upgrade the Marsh Leys warehouse to the Manhattan solution.

The Marsh Leys warehouse posed a far larger challenge for Argos Direct. The facility employs 350 people and handles 10,000 SKUs, all of which needed to move from the old system to the new. Michael Allchurch, IS programme manager for Argos Direct, explained, "We

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spoke to other companies who had undergone transformation projects of this scale and knew that to ensure a successful transition, we had to manage the whole changeover process as a highly focused and committed team, following clearly defined procedures and lines of responsibility." Determined to keep any effect of the implementation on the daily running of the business to a minimum, Argos Direct decided to phase in the new system progressively rather than opt for a "big bang" approach.

MANHATTAN SYSTEM PHASE IN SMOOTHLY MIGRATES DATA

A "mirror" model was adopted for the implementation, whereby the new system and the old ran in parallel during the transition period. The old system was linked into Manhattan's Warehouse Management so that information could pass between the two. Initially, all stock coming in was entered onto the Manhattan system and then sent to the old system for despatch. Stock was then progressively switched over in groups of SKUs to the new system.

"There was no issue at all with data migration," added Mike Allchurch. "The only difficulty with the management of two separate systems was that orders sometimes contained items picked from both. However, our staff had been fully briefed and everyone was up to speed on how to handle this, so we were well able to cope with this as a minor inconvenience."





EFFICIENCY INCREASES IN ALL AREAS; CUSTOMER SERVICE IMPROVES

The progressive handover was a complete success. Not a single order was adversely affected by the transformation at Marsh Leys and the benefits gained from the upgrade were extensive. Efficiency increased in almost all activities, including receiving and put-away, pick and replenishment, loading and returns.

A marked reduction in clerical work allowed Argos Direct to arrange its staffing more efficiently, and less paper made for savings on stationery costs. Speed of response improved and there was a reduction in failed deliveries.

“With support from the team at Manhattan Associates I believe that we have achieved something that’s pretty rare in this industry,” commented Pete Connor, IS Director at Home Retail Group.

“We have successfully implemented an entirely new system into

a fully operational site without losing a day’s work. We didn’t miss a beat. This is testimony to the great planning, execution and commitment of all the teams involved and sets a very high standard.” Within two weeks of completion, the project had passed the ‘stability gate’, whereby it could be handed over from the implementation team to the regular support team.

Argos Direct subsequently implemented the Manhattan solution at the Acton Gate site, giving the company’s headquarters real-time visibility of inventory and operational activities across its UK DC network.