

CARTER'S AND WAREHOUSE MANAGEMENT ARE A PERFECT FIT

OPERATIONS

Atlanta, GA

WAREHOUSES

5 (Stockbridge, GA; Hogansville, GA; Chino, CA (3PL); Shenzhen and Shanghai, China (3PLs))

RETAIL OUTLETS

260 Carter's stores, 165 Oshkosh stores

MANHATTAN SOLUTION

Warehouse Management

carter's | **OSH KOSH** *Bigosh*



CHALLENGE

Carter's previous solution was unable to address changing customer requirements efficiently and required time-consuming and expensive customization in order to satisfy customer demands and meet business changes.

SOLUTION

Warehouse Management provided a flexible solution enabling the company to streamline operations, reduce costs, increase agility and meet customer expectations.

PROGRESS & RESULT

Increased supply chain flexibility, ability to quickly respond to changes in value-added requirements demanded by customers, and reduced costs.

"What our customers care about is great product at affordable prices, so beyond that our mission is to continue building a logistics network that meets inbound partners' and outbound customers' requirements of speed and reliability while maintaining operating flexibility and a low cost structure. Manhattan helps us with these challenges."

MARK PAUPE, VP OF DISTRIBUTION OPERATIONS
CARTER'S

IMPROVED EFFICIENCY AND AGILITY

at Carter's Inc.



Carter's, Inc. is the largest branded marketer in the U.S. of apparel exclusively for babies and young children. The company's Carter's brand, OshKosh brand and related sub-brands are sold to national department stores, chain and specialty stores, discount retailers and through over 250 Carter's and over 160 OshKosh outlet and brand retail stores.

The Atlanta-based company's supply chain for all of these customers runs through distribution centers (DC) in Stockbridge, GA; Hogansville, GA; and a 3PL facility in Chino, CA which provide a combined total of more than 1.2 million square feet of space. Two additional 3PL facilities in Shenzhen and Shanghai, China offer up to 100,000 "scalable" square feet for multi-country consolidation enabling DC bypass opportunities to some of Carter's customers.

ADAPTING TO CHANGING STYLES AND BUSINESS REQUIREMENTS

Just as Carter's, Inc. has maintained long-term success by accommodating the changing demands of consumers, it has also adapted to changes in the business environment. At the end of the 1990s, the company shipped solid SKU cases in bulk to customers so that merchandise could be picked and packed for individual stores upon receipt. Now Carter's, Inc. packs for customers' individual stores and ships multiple SKUs in a single carton. Mark Paupe, vice president of distribution operations, explains, "Our business has changed dramatically with customers pushing many of their traditional backroom functions back to us."

Additionally, many large customers now have a variety of special requirements for their vendors, such as customized labels. They also have their own private labels, which become de facto competition for Carter's and give its customers experience with in-house efficiencies, which they expect Carter's to match. Peter Kok, Carter's director of supply chain process development, says, "We are faced with increased complexities and more requirements from our customers who expect us to be just as efficient as they are and to provide the same value-added services that they do themselves."

THE OLD SOLUTION BECAME "INCREASINGLY DIFFICULT TO KEEP CURRENT"

With so many added requirements pushed back to the DCs, the company's existing supply chain solution was adding even more challenges. To accommodate each new requirement, the company had to make modifications to an already highly customized operating system which was not provided with regular updates by its vendor.

MANHATTAN OFFERS A BETTER FIT

After considering a number of contenders, Carter's selected Manhattan's Warehouse Management solution because of its flexibility, versatility and robust, comprehensive features and functionality. "Even with so many criteria to fulfill—put-to-store for our own stores, dynamic processing for key customers, case-in/case-out for the mass channel, and traditional pick and pack for our mom-and-pop stores—Warehouse Management supports all of them," said Peter Kok.

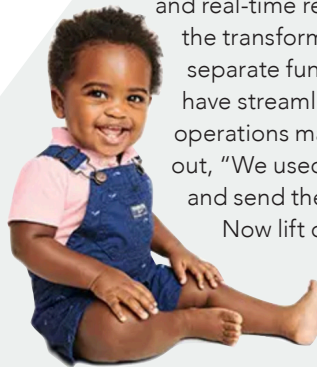
Mark Paupe added, "We chose the solution because it doesn't require us to initiate upgrades and customization. Warehouse Management is totally supported by Manhattan with features like the Top 100 Compliance, which gives us a partner in staying current with key retail changes."

WAREHOUSE MANAGEMENT BUTTONS UP OPERATIONAL EFFICIENCY

The new solution was implemented at the beginning of 2006 and has resulted in numerous examples of savings and improved operational efficiencies.

- Eliminating the need for repeated customizations
- Being able to maintain "perpetual inventory" and eliminating the need to close DCs to execute annual counts
- Improved inventory management has improved order fill rates
- 100% order auditing (which was required by the old system) has been reduced to 10% with improved accuracy
- Total value-added services have been increased at the same time overall supply chain costs have been reduced

There have also been specific improvements that have increased efficiency at the warehouse level. First, inventory management has been made much more transparent through piece level tracking. Previously only case level management was possible and real-time results were not available. Second, the transformation of picking and packing as two separate functions into one dynamic process have streamlined operations. Tammi Thompson, operations manager in the Hogansville DC, pointed out, "We used to have to pull thousands of cases and send them to another department for labeling. Now lift drivers pull the case, put the label on it and it goes straight to the shipping dock, so we're bypassing what used to be a separate department."



Additionally, Carter's has been impressed by Warehouse Management's flexibility and scalability. Peter Kok pointed out, "We started out with a mass channel fulfillment facility and now do mostly replenishments, so the requirements for functionality are changing constantly. Plus, we have Warehouse Management running a 500,000 square foot facility with ten to twelve different fulfillment processes, but it's also deployed where we have five to ten people working on just one process. It's not a solution that only works if you have a massive operation."

MANHATTAN AND CARTER'S ARE PERFECTLY MATCHED

As has always been the case, Carter's ongoing goal is to increase supply chain efficiency and reliability and reduce supply chain costs. Mark Paupe went on to say, "In our attempt to stay ahead of the challenging retail environment, we are constantly working on strategies to lower supply chain costs which include building value-added, customer-driven capabilities at any step in the supply chain. The goal of our efforts is to sustain a level of profitability which provides our customer with the very best value. Manhattan helps us with these challenges."