

RESTORATION HARDWARE FURNISHES ITS DISTRIBUTION CENTER

with Manhattan Associates

OPERATIONS

Headquarters: Corte Madera, CA
Facility locations: 800,000 square foot DC
in Columbus, Ohio and 110 retail stores in
the United States and Canada

MANHATTAN SOLUTION

Warehouse Management

RH



CHALLENGE

Replace a third-party logistics provider and open a new DC to directly manage inventory.

SOLUTION

Manhattan Associates' Warehouse Management was implemented in its non-furniture distribution center.

PROGRESS & RESULT

Restoration Hardware achieved a 22% decrease in cost per carton, reduced inventory by 40% and reduced returns by 25%.

"I've done extensive due diligence against other packages in my career. I haven't found any other system that can deliver at the same level as Manhattan Associates."

KEN DUNAJ, EXECUTIVE VICE PRESIDENT & COO, RESTORATION HARDWARE

PREPARING FOR GROWTH

at Restoration Hardware

RESTORATION HARDWARE DESIGNS SAVINGS AND EFFICIENCIES ACROSS ITS SUPPLY CHAIN

Exceptional design, outstanding quality, and unprecedented value—that's the guiding principle by which Restoration Hardware serves its clientele. Based in Marin County, a short drive over the Golden Gate Bridge from San Francisco, the company was founded nearly 30 years ago by Stephen Gordon.

As he restored his Queen Anne Victorian house in Eureka, California, Gordon spent endless, frustrating days tracking down missing pieces of authentic period hardware, lighting fixtures and finishes. Recognizing a market space, he decided to open the first Restoration Hardware store in 1980.

Today it's become one of the leading purveyors of premium home merchandise, operating more than 100 retail and outlet store locations in the United States and Canada. Its stores and rapidly growing direct-to-consumer business include catalogs and e-commerce sites that offer high-end linens, furniture, bathware, hardware and lighting fixtures.

"Our unyielding commitment to quality, service and authenticity has earned Restoration Hardware the trust and loyalty of customers who turn to us first when searching for unique home furnishings, planning a bathroom renovation or outfitting their child's nursery," said Ken Dunaj, executive vice president and COO. "In fact, that quality commitment is our brand proposition."



"We are a premium multi-channel, multi-brand business. Efficient warehouse management using Manhattan's solution has allowed us to provide our customers with the value, style and quality they expect with our products and service."

MANHATTAN SOLUTION BECOMES A FIXTURE IN THE NEW DISTRIBUTION CENTER

To ensure the strength of its brand and cut operating expenses, Restoration Hardware decided to phase out its third-party logistics provider and open its own distribution facility. While the 3PL was the right answer earlier in Restoration Hardware's corporate evolution, the company was now finding that with the warehouse and order management components of its supply chain outsourced, it was having data accuracy issues. Disparate, in-house retail systems were exacerbating the problems.

"We tried to cobble our systems together, but the antiquated data delivered incorrect financials and inventory numbers," Dunaj explained. "As long as we remained with a third-party provider we had little control over finding a long-term solution." To cut its fulfillment expenses, ensure order and inventory accuracy and consolidate its interface systems, Restoration Hardware constructed an 800,000 square foot distribution center in Columbus, Ohio. At that time, the company already had a warehouse management system in place for its furniture DC. But when Dunaj presented the requirements needed to support the new DC it became clear that significant modifications would have to be made.

"The warehouse management system we used in our furniture DC didn't have the functionality to handle our packaged goods distribution center," said Dunaj. "I haven't found any other system that can deliver at the same level as Manhattan Associates. It can accurately fulfill orders for both our retail and online customers, distinguish the difference, and provide consistent functionality within the DC."

A WELL CRAFTED SOLUTION SOAKS UP SAVINGS FOR RESTORATION HARDWARE

With the predominant goal of making the implementation transparent to its customers, the company moved its outsourced inventory into the new distribution center and deployed Warehouse Management for IBM i. The IBM i operating system and Power Systems is an integrated platform that helps simplify the company's IT environment and control costs while improving overall performance, availability and energy efficiency.

As a test run with the system, Restoration Hardware launched a new brand, baby & child—a "guinea pig" deployment to make sure the overall objective of transparency was met.

"This was no small task," said Dunaj. "Simultaneously we launched the new DC, a new brand, a new order management platform, and the Manhattan solution. Within two months we had every brand in our entire non-furniture business running through the Manhattan system and the time and cost savings started rolling in."

"By leveraging IBM's Power Systems technology, Restoration Hardware has been able to create a continuously available infrastructure for Manhattan's warehouse management applications."



Since deploying Manhattan's Warehouse Management, Restoration Hardware has realized significant benefits across its supply chain. The company achieved a 22% reduction in its cost per carton and a much higher efficiency rate. In addition, the inventory shrink improved by more than 40% after Dunaj ran the first physical inventory. Small package transportation costs were cut by 10%, and returns due to inaccurate fulfillment shrank by more than 30%.

"With Manhattan Associates, not only have we gained significant savings across the board, we have a foundation in place to support our corporate goal of becoming a billion dollar business," said Dunaj.