

HAYNEEDLE FINDS THE ELUSIVE KEY TO GROWTH

with Manhattan Solutions

OPERATIONS

Headquarters: Omaha, Nebraska
Facilities: 3 distribution centers,
220 online stores

MANHATTAN SOLUTIONS

Warehouse Management, Distributed Order Management, Supply Chain Intelligence



CHALLENGE

Warehouse management system was out of synch with the actual inventory scattered across the country and customer service levels were below expectations.

SOLUTION

In order to consolidate DCs, streamline and control WMS for greater visibility, and improve customer service and experience, Hayneedle implemented Manhattan's Warehouse Management for Open Systems for flexibility and growth as well as the Distributed Order Management and Supply Chain Intelligence solutions.

PROGRESS & RESULT

Order control mastered and in synch with inventory; more accurate picking and improved customer care have positioned the company for growth.

"As we moved toward a centralized DC, we realized our software didn't provide the scalability or flexibility we needed, so we selected Manhattan Associates."

TOM CLEMENT, VICE PRESIDENT, SUPPLY CHAIN AND LOGISTICS

GREATER VISIBILITY AND CUSTOMER SERVICE CAPABILITY

at Hayneedle

STRONG FOCUS ON CUSTOMER SATISFACTION

When three friends acquired Hammocks.com in 2002 and began selling online, their keys to initial success were product-focused niche web stores combined with effective marketing to ensure that their stores were top ranked in both paid and organic search results. According to Tom Clement, Hayneedle's vice president, supply chain and logistics, "That's how the company grew; by really focusing on attracting customers who were searching for specific products online." The company added more and more product categories and leveraged the endless shelf-space of the Internet—a quick search on the site for "hammock" yields over 300 hammocks and related stands and accessories.

By 2009, the company previously known as NetShops was marketing more than 220 niche product category websites, selling everything from hammocks to cribs, beds and clocks. The decision was made to build a consumer brand with virtually all of the category stores under one umbrella: Hayneedle, Inc. With so many disparate products, an organized and optimized distribution process became top priority. The company had three distribution centers; two in Nashville, Tennessee, and one in Omaha, Nebraska, as well as a significant amount of drop-ship business, in which orders are fulfilled directly by the supplier. "Our internal network had almost 650,000 square feet of distribution space scattered across three sites. We decided to consolidate into one location where we could best serve our customers while reducing shipping costs," Clement said. A central distribution center was selected in the Cincinnati area.

One of the first undertakings in converting to a consumer brand name was to create a single shopping cart that would function across all 220 stores. Kendall Vinson, director of fulfillment systems for Hayneedle, said, "The shopping cart was an enormous amount of work for 220 stores, but it was our first move into a more positive consumer experience and in establishing a consumer brand across all stores." To this end, Hayneedle began surveying their customers in late 2008. Clement said, "We worked hard to improve in many areas—system integration, our customer care leadership and culture, site usability, fulfillment center and vendor partner performance and product quality, to name a few." By 2010 customer satisfaction scores had exceeded initial goals.

"With Manhattan Associates we know that as we grow and bring new facilities online, we can do so seamlessly."

"We found that customer satisfaction scores were higher for orders shipped from our internal fulfillment teams than for those shipped from many of our drop shippers. With a more centralized distribution center we felt we could move more product through our own high quality, in-house staff and continue to improve satisfaction and drive repeat sales," Vinson said.

PLANNING FOR THE FUTURE WITH MANHATTAN

The other key to restructuring was the software to run the new facility. According to Clement, the company had been working with a third-party logistics provider that was running all three facilities. "We determined that the software in place was not scalable for us in terms of growth. It didn't provide flexibility for us operationally, so while searching for a new facility, we also evaluated best-of-breed software and ultimately selected Manhattan Associates," Clement said. Having had prior experience with the IBM i version, Hayneedle opted for Open Systems, allowing the company to run the software on any platform and to be poised for future growth. "In addition to Manhattan's Warehouse Management solution, we also implemented the Distributed Order Management system, knowing that as we grow and bring new facilities online, we'll be able to do so seamlessly," Clement said.

The commitment to a consumer brand has meant a new way of looking at marketing for Hayneedle and thus their entire supply chain. "When you realize you're working for a customer's second sale equally as hard as for the first, the customer becomes the culture and the focus for all we do," said Clement. To better serve its customers, Hayneedle brought all customer care functions in-house, moving away from the trend toward thirdparty call centers.



A constant part of the business is determining the best shipping channel, because many of Hayneedle's products are larger in scale, such as furniture sets and fire pits. To drop-ship or internally fulfill is always a question. According to Vinson, "We needed a system that was easy to learn. We want our associates empowered to push us to improve. We had an extensive list of requirements, many of them coming from the wide variety in product we carry in our facility. Our team members have been pleased and have learned the system quickly."

Since implementing the new solutions from Manhattan Associates, Hayneedle has seen several major improvements in its processes. The company's old WMS was out of synch with inventory levels, but the new Manhattan system maintains an accurate real-time picture, removing redundancy and order confusion. Shipping service levels and accuracy have improved.

Continuing to grow as a consumer brand, Hayneedle is using Manhattan solutions to better control their business and serve customers across a wide range of products suited for the home — from the living room to the basement to the backyard. In the process they've been able to improve shipping accuracy and reduce transportation costs. Most valuable of all, the company has the systems and processes in place for future growth in the direct-to-consumer space.

