

CABELA'S OUTFITS THE OUTDOOR LIFESTYLE

with Multichannel
Supply Chain Solutions

OPERATIONS

Headquarters: Sidney, Nebraska
Distribution Centers: 3

MANHATTAN SOLUTIONS

Warehouse Management, Replenishment,
Assortment Planning, Supply Chain
Intelligence

Cabela's



CHALLENGE

After opening its retail doors, Cabela's supply chain became more complex and more manually intensive.

SOLUTION

Cabela's selected Manhattan solutions to integrate business processes and to centralize common functions while meeting demands of each channel.

PROGRESS & RESULT

Increased operational efficiency, cost savings and greatly enhanced customer service capability.

"Manhattan's solutions have been a key part of our success, helping us handle the unique complexities driven by demanding multi-channel components."

ANGELO P. SAKIS, VICE PRESIDENT OF INVENTORY PLANNING AND PURCHASING, CABELA'S

INCREASED EFFICIENCY AND CUSTOMER SERVICE CAPABILITY

at Cabela's

CHANNEL DIVERSIFICATION PLUS MAJOR GROWTH EQUALS INCREASED COMPLEXITY

Cabela's is the largest direct marketer in the U.S. and a leading retailer of hunting, fishing, camping and related outdoor merchandise. Its retail division has 20 destination stores, which draw more than 40 million visitors each year. Cabela's three distribution centers (DCs) provide over 2 million square feet and house 300,000 SKUs from 5,000+ vendors.

With a long history in the direct sales channel, Cabela's processes were based on this business model. After opening its retail doors, operations became increasingly complex. With manually intensive processes and a growing number of locations, Cabela's could no longer keep track of inventory or make accurate projections. "Our retail stores had more inventory than needed and the inventory was out of sync with sales," said James Landsman, project manager for Cabela's multi-channel transformation. Combined with an exponential rise in data volume, the company faced an urgent need to support its multi-channel business.

CABELA'S SELECTS MANHATTAN ASSOCIATES TO AID MULTI-CHANNEL EXPANSION

Cabela's multi-channel strategy requires optimization of people, systems and capital to meet the complex needs of its diverse customer base, whose preferences vary by geographic region, sporting season and skill level. The ability to accurately forecast, purchase and place inventory in advance of demand is essential. To support its multi-channel strategy, Cabela's selected Manhattan's Warehouse Management, Replenishment and Assortment Planning solutions. Centralizing common functions while honoring channel diversity enables Cabela's to leverage its DCs strategically and meet customer expectations. Warehouse Management tackles one of Cabela's key challenges: managing retail restock and directing fulfillment out of the same DC. The company can precisely determine the optimal balance between warehouse efficiency and service level. Replenishment's inventory optimization capabilities allow Cabela's to manage forecasting and replenishment across its multi-channel network. Using Assortment

Planning, Cabela's tailors master assortments to each channel using channel-specific attributes and metrics (only deployed for retail).



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CABELA'S CLEAR HURDLES WITH CHANGE MANAGEMENT

Cabela's implementation covered three areas: 1) pre-season planning and purchasing; 2) in-season fulfillment and restocking; and 3) post-season assessment and preparation for the next season. The biggest hurdle for Cabela's was change management. "You can imagine how panicked everyone was when we said we were taking away 30% of inventory," commented Landsman. Cabela's credits a number of factors for its success. First, the project was treated as a business initiative and not as an IT initiative. "We used the best practices that were most applicable to our business. Objective partners were not wedded to past ways of working and we gained buy-in from company leadership. When you put it together, it's about driving improvement—both in customer satisfaction and the bottom line."

Warehouse Management was implemented in three DCs, two return centers and 20 stores, and enables Cabela's to efficiently manage multiple waving, inventory integration with other systems through Primary Inventory Transactions (PIX), cartonization, rate shopping and cross-docking. The Replenishment implementation was initially focused on the DC-to-store channel and was then integrated into the catalog and Internet channels by streamlining vendor-to-DC and vendor-to-store processes. Replenishment calculates due orders daily in response to actual sales and inventory changes. Each SKU is forecast weekly for a rolling 52 weeks, while order projections are provided to DCs and vendors. Additional capabilities include system-generated seasonal profiles, demand alerts, purchase order alerts, order frequency optimization, and integration with space planning.

Cabela's operates two to four major seasons each year, depending on merchandise category, and supports micro seasons for hunting and fishing that vary by state. Assortment Planning enables Cabela's to maintain the right mix of products for its customers in every region, channel and category.

OPTIMIZED SUPPLY CHAIN EQUALS COST SAVINGS, BETTER SERVICE

The integration of the Manhattan solutions allows Cabela's to maintain high customer service standards and improve operational efficiency, while exceeding projected benefits. "It's a monumental task to plan and forecast the inventory needed to keep our DCs and stores appropriately stocked. Optimizing our supply chain translates into greater savings and unparalleled service for our customers," said Angelo Sakis, vice president of inventory planning and purchasing for Cabela's.

Cabela's uses Warehouse Management in its retail stores to track inventory location and replenish stock on the floor as sales occur. "Our previous system didn't distinguish between inventory on the floor and inventory in the back room," explained Landsman. "Now, we run lean-time replenishment several times a day to restock the floor based on near real-time inventory updates. Store associates can access the system to locate inventory and better serve our customers."

Warehouse Management is also used for receiving, returns and RTV processes. Retail restock capabilities minimize in-store handling by allowing associates to preprocess inventory, optimize in-store put-away by sorting picks by department, and increase pick efficiency by combining store orders. Cartonization enables Cabela's to combine orders into the minimum number of packages, reducing freight costs. With the rate shopping login, Cabela's can choose the best carrier based on the service level specified by the customer.

Replenishment has resulted in a significant increase in floor fixtures filled, without excess inventory in the back room. The solution manages large volumes of orders and calculations—nearly 5,000,000 SKU/store combinations. Cabela's weekend sales often exceed what can be stocked on the floor so most stores have an attached back room to support the increased demand. With Replenishment, Cabela's can keep stores in stock and provide an order projection to its DCs for a rolling 90 days so they can better plan labor and truck schedules.

Assortment Planning will result in efficiencies in other systems, since a good assortment drives improvements in sales, inventory investment and supply chain efficiency. Cabela's combines 100,000 to 120,000 SKUs per store at least three times a year, making it essential to have efficient processes in place. The scalability of Manhattan's solutions will enable Cabela's to manage its aggressive growth today and accommodate future expansion.

