

CARHARTT DRIVES OUT COSTS AND DRIVES UP VALUE

with Cloud-Based TMS

OPERATIONS

Headquarters: Dearborn, Mich.
Distribution centers: 1 (Hanson, Ky.)

MANHATTAN SOLUTIONS

Transportation Management,
Warehouse Management



CHALLENGE

To meet increasing fulfillment challenges, Carhartt, which manages all its shipping in-house, needed to quickly implement a robust, cloud-based TMS solution to deliver superior customer service while effectively controlling shipping spend.

SOLUTION

Carhartt tapped Manhattan, its longtime Warehouse Management systems partner, to implement the Transportation Management solution. Manhattan's extensive knowledge of Carhartt's business facilitated a rapid rollout.

PROGRESS & RESULT

Carhartt maintains consistently high service levels while keeping costs manageable, has improved consolidation and modal optimization, decreased number of shipments on high-volume lanes with average weight increase of 181 lbs./shipment.

"Manhattan has been our Warehouse Management systems partner for more than 20 years. Because of Manhattan's deep knowledge of our business, we were able to achieve a fast ramp-up of our TMS capabilities."

JOHN HILL, CHIEF INFORMATION OFFICER, CARHARTT, INC.

PREPARING FOR OMNI-CHANNEL FULFILLMENT

at Carhartt

OPTIMIZED TRANSPORTATION SPEND AND UNPARALLELED SHIPPING FLEXIBILITY

A family-owned business since 1889, Carhartt's premium workwear products have stood the test of time. Today, Carhartt products are found online, in retail outlets worldwide, and in its own branded storefronts.

Like other manufacturers and retailers, Carhartt is positioning itself to manage through the challenging environment of omni-channel fulfillment. Unlike many companies however, Carhartt keeps its transportation management (TM) functions in-house rather than outsourcing them to an outside provider.

RAPID ROLLOUT OF SAAS-BASED TRANSPORTATION MANAGEMENT

Carhartt's manual approach to transportation management had outlived its usefulness. Routing visibility was limited, execution functionality was compromised and transport costs were higher than they needed to be. Its executives realized that a transportation management system (TMS) would be needed to optimize its existing operations, and to prepare for the demanding world of omni-channel distribution.

Just as important to Carhartt was how the TMS would be deployed. It chose a system that would be installed as a Software-as-a-Service (SaaS) and reside in the cloud. Cloud installation would be faster and more cost-effective than a traditional on-premise TMS. Carhartt's internal I.T. staff would be freed up to focus on other tasks, and not be burdened with installing, managing and updating an in-house system. If, at some point, Carhartt chose to use a 3PL, it wouldn't have to worry about the type of system the provider used, or if that system was compatible

with its I.T. vendor's solution.

Once those core decisions were made, Carhartt began the search for a TMS partner. It became quickly apparent that Manhattan was the logical choice, according to John Hill, Carhartt's Chief Information Officer. As its Warehouse Management systems provider since the 1990s, Manhattan had a thorough understanding of Carhartt's business. This proved important in expediting the Transportation Management deployment with minimal hiccups, Hill said. In addition, Manhattan offered a flexible and scalable application on a common platform. Meanwhile, with the flow of warehousing and shipping data integrated under one partner, Carhartt would achieve the synergies that come with real-



“Manhattan’s expertise in SaaS-driven, cloud-based TMS solutions has been key to the project’s success. We don’t worry about hosting the software, or getting realtime product and system updates. Manhattan manages that for us. We now have the most current tools available to effectively manage our transport functions.”

FIRST PHASE OF ROLLOUT YIELDS IMMEDIATE BENEFITS

The first phase of Transportation Management went live in February 2016 to support outbound distribution from Carhartt's national distribution center in Hanson, Ky. Nearly overnight, Carhartt realized meaningful improvements in every transportation metric. Carrier bidding and selection, load planning and lane scheduling were optimized. Carhartt's core carrier partners could predictably schedule their drivers' routes, knowing Carhartt was able to better align its loads with available capacity.

The company is now shipping fewer parcels and more freight, indicating improved consolidation and modal optimization. The number of individual shipments sent on high-volume lanes has declined, with an average weight increase of 181 lbs. per shipment on outbound LTL/FTL shipments from the DC.

Utilizing the solution's Transportation Procurement module to facilitate its freight bid cycles, Carhartt identified opportunities to realign lanes and implement operational initiatives (palletization) to achieve cost savings. "When agreements are finalized and fully implemented, the annualized cost savings will likely reach upwards of 20% on our LTL and FTL freight spend," Hill said.

"Our TMS gives us greater control and flexibility of our shipping function than we could ever have achieved through our legacy spreadsheet platform," Hill said. "We can now make faster and more informed transportation decisions. This capability is critical when the shipping buck stops with you, not with a 3PL."

For example, better route optimization allows Carhartt to make more frequent use of less-than-truckload (LTL) and full truckload services, and to lessen its reliance on costlier small-parcel deliveries, he said. "These positive outcomes can happen only with enhanced visibility into our supply chain," he said. "We can now offer customers the flexibility to experiment with different delivery methods, which is especially important during peak season."

Carhartt plans to deploy Transportation Management in phases as the system supports its expanding sales channels and fulfillment footprint. The company is exploring the use of the system for its domestic inbound supply network, as well as its growing international business, Hill noted. As the rollout proceeds, Carhartt will rely on its long-time partner, Manhattan, to be there beside it. "Given all of the services Manhattan performs for us, I have a hard time imagining our partnership not expanding as our business does," Hill said.

An important takeaway, according to Hill, is that a TMS can benefit companies of all sizes, not just the biggest ones. "Every company can improve their shipping business with a TMS," he said. "The key is having the right partner."

