

# NEW BALANCE RUNS AHEAD OF THE COMPETITION

With New Supply Chain Solutions

## OPERATIONS

Headquarters: Boston, MA  
Distribution centers: 2

## MANHATTAN SOLUTIONS

Warehouse Management, Supply Chain Intelligence, Slotting Optimization, Audit Payment & Claims



## CHALLENGE

Customer compliance challenges due to major retailers getting more aggressive in chargeback programs; numerous shipping compliance issues.

## SOLUTION

Manhattan Associates was selected based on presence in the industry and ability to meet vendor requirements and product capabilities.

## PROGRESS & RESULT

Greatly enhanced efficiency; improved accuracy; increased customer satisfaction through new services and programs.

“Leveraging our supply chain is how we’ll separate ourselves from other footwear suppliers... Manhattan’s solutions will help us achieve our goal to create wholesale selling excellence and transform New Balance into a top-tier global brand.”

IRENE MAHONEY, DISTRIBUTION SERVICES MANAGER, NEW BALANCE

# A NEW COMPETITIVE EDGE

for New Balance

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## **NEW BALANCE SEEKS SUPPLY CHAIN SOLUTIONS TO INCREASE EFFICIENCY AND CUSTOMER SERVICE CAPABILITY**

New Balance, a leading global athletic products company, manufactures and markets technically innovative and width-sized performance footwear and apparel under a family of brands designed for the everyday athlete. The company operates two distribution centers (DCs)—Lawrence, Massachusetts, at 360,000 square feet and Ontario, Canada, at 650,000 square feet. Each DC has 135 employees and houses 30,000 SKUs with an average total volume of 24 million units shipped per year across both DCs.

Faced with a warehouse management product that was no longer supported, New Balance was seeking a new supply chain partner who was an industry leader and would be committed to staying the course.

“We are a robust user of WM with a lot of MHE integration. A primary challenge was customer compliance. We supply many of the major retailers, which were getting more aggressive in their chargeback programs so we wanted to make every effort to give them the best possible service on the shipping side. We were also looking for new capabilities like rate shopping—particularly for the more traditional and upscale mom-and-pop retailers—to give them a higher level of service. We knew Manhattan could provide this for us. We were spending hundreds of thousands of dollars each year in custom enhancements to get more efficiency and meet customer demands. We had numerous shipping compliance issues and needed to be totally integrated with carriers.”

New Balance went through a rigorous RFP process and chose five vendors for the final selection process. “We went with Manhattan based on their presence in the industry—it was a big selling point for us.” New Balance selected Manhattan based on its goal to partner with a company that met the following criteria:

### **Vendor Organization**

- Established, financially stable organization
- Install base of companies similar to New Balance
- Proven track record of satisfied customers
- Professional, high-quality, informed technical support organization
- Stays current with technological/market trends

### **Product Characteristics**

- SQL-compliant RDBMS
- Proven, bug-free solution with a large install base
- Strong development language and tools to simplify integration to internal custom applications
- Web-enabled interfaces
- Available user development tools
- Remote access capability

## **NEW BALANCE REDUCES MANUAL PROCESSES AND INCREASES ACCURACY**

New Balance followed Manhattan’s recommended process for implementation, including the involvement of an executive sponsor and monthly executive briefings. “It’s important to keep the project in front of the company leaders on a regular basis and get the support you need—that was key.”

Today, New Balance is live on Warehouse Management, Slotting Optimization, Supply Chain Intelligence and RFID in two sites. The solution is integrated with Dematic conveyor systems, Mantissa for tilt tray sorting, Quantronix CubiScan and Fox 4 print and apply. Our host system does a pre-allocation, so no orders drop to Warehouse Management unless there’s inventory in the facility. When orders come in, Warehouse Management allocation is completed. “We’re close to 100% having inventory to meet orders and don’t get orders unless the system thinks we have it.” Slotting is used to automate processes, which were completely manual in the past. “We’re saving at least half a person with the new automation. We look at slotting weekly to make sure new products coming in have a home and are much more efficient in moving out dead or slow items.” The company uses RFID on the inbound side for apparel samples that come in from overseas. “We don’t have to open every box to count anymore—it’s done by RFID and has saved a lot of time.”



**“We’re able to accurately capture rates and measurements to help with pick slotting and daily routing for customers. And we’re more accurate on the outbound side in terms of expected volume and rates to the customer. As a result, chargebacks have been reduced year over year.”**

Inbound processing involves case-level ASNs on almost all goods—80% from overseas and 20% domestic. An inbound receiving sorter does case-level scan receiving and is integrated between the Dematic inbound sorter and Warehouse Management. A real-time interface enables sorting to an appropriate pallet putaway location or to a lane where it is put away for reserve. Cross-dock is used for replenishment. A CubiScan system automatically weighs cartons on inbound—the accurate weights and measures have been a huge benefit. “Since all major retailers have their TMS systems, we have to give them shipment notifications—and they know if we’re off on our estimates. The Manhattan solutions have helped us tremendously in terms of customer satisfaction.”

New Balance receives orders throughout the day and used an automated process for outbound sortation. All product is picked from reserve or active. 75% gets inducted into a unit or tray sorter where the Manhattan solution does real-time integration to manage this process.

Shoe boxes are dynamically assigned to the different lanes. Warehouse Management feeds this information to a sorter. From there, all outbound shipping cartons go through a print and apply system and to a shipping sorter that is all integrated with the Manhattan solutions.

New Balance plans to upgrade its system soon to take advantage of new functionality, including Vocollect voice technology. “We want to stay up to date with the latest and greatest from Manhattan. Upgrading will allow us to reduce our total cost of ownership as well as to leverage new functionality that Manhattan has invested in.” They are also looking at multi-company functionality to support the acquisition of smaller companies. An upgrade will also provide the ability to mix and match companies in waves and to process them as quickly as possible.



### **NEW BALANCE IS ABLE TO OFFER NEW SERVICES—AND GAIN AN EDGE IN A HIGHLY COMPETITIVE MARKET**

New Balance has gained a number of new capabilities and efficiencies that have both reduced costs and enabled the company to provide better customer service.

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With EDI manifesting, the company can customize the reference data fields for each customer. New Balance has 20-30 customers with specific requirements and is able to meet these requirements—it’s very simple since they’re integrated with the parcel carriers. The EDI PLD is sent electronically to parcel carriers, which is also a big customer benefit. Carrier compliance of the shipping solution is very helpful when dealing with the major retailers. In addition, Audit, Payment & Claims has enabled New Balance to bring this functionality in-house, saving the company a lot of money. “We have the ability to do more accurate analysis because we have the outbound data and can run reports to pinpoint errors. We now know where our freight money is going.”



The ability to route orders for the day provides an accurate picture, including more accurate shipping information. Rate shopping functionality provides the ability to do same-day pick runs and shipments, or priority programs. "It's easier to manage with Manhattan—we know the order types and have our wave planning selection criteria rules built to bring those in as priority orders. We're also able to take in orders hourly, which we could never do before. We can easily support same-day, two-day or same-week programs."

"When the sales team asks us to do something, we're able to provide it based on the flexibility of the solution—whether it's a new program or special service levels. We have a long list of initiatives for the company and we know we can accomplish it."

"Leveraging our supply chain is how we'll separate ourselves from the rest of the footwear suppliers. We want to be the best customer service organization in the industry and having a robust Warehouse Management system is key. Service is just as important as the product in a highly competitive business. You have to make it easy for the buyers. You have to deliver on time. You have to fulfill the order accurately. They need to place the order, get what they want, when they need it. Manhattan's solutions will assist us in the successful achievement of our goal to create wholesale selling excellence and transform New Balance into a top-tier global brand."

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