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Allan Tisbe, Business Systems Manager for Distribution Logistics Software, Pacific Sunwear



PACSUN

Headquarters: Anaheim, California

Distribution center: Olathe, Kansas –
430,000 square feet

Manhattan solutions:
Warehouse Management, Labor Management,
Supply Chain Intelligence

Platform: IBMi

Pacific Sunwear: Leading-edge fashion and cutting-edge supply chain

Pacific Sunwear started as a little surf shop in Newport Beach in 1980 and is now one of the top names in teen fashion with over 825 stores across 50 states and Puerto Rico. As the company has grown, Pacific Sunwear's focus has remained true to its roots in youth culture and to offer what's next now. The retailer offers its own proprietary designs as well as a good mix of branded clothing, so its stores are able to provide a wide range of choices for customers. Headquartered in sunny Anaheim, California, Pacific Sunwear employees can hit the on-site gym or full-service cafe.

Challenge:

To retain a competitive edge in the highly volatile retail world, increase efficiency in its distribution channel and reduce labor costs.

Solution:

Pacific Sunwear selected Manhattan Associates' Warehouse Management 2010 solution for flexibility and growth, and Labor Management solution to control costs.

Results:

15% increase in productivity and a
10% reduction in labor costs.

According to Kirk Williams, Pacific Sunwear's senior director of distribution, "What makes us unique is the California feel in our stores. One of the big things we've worked on in the last few years is to make the experience in our stores special and really cater to the consumer when they walk in." The company's sweet spot from an age standpoint is teens to early twenties.

"In today's tough retail market," Williams continued, "It's a constant challenge to offer the right value in terms of price and quality—figuring out a price point our customers are willing to pay and being competitive with other retailers. This makes day-to-day operations tough and highlights the need to increase efficiency in our operations."

Upgrade Brings New Features and New Ideas

In order to stay current in its technology and take advantage of the latest features and functionality, Pacific Sunwear recently completed an upgrade in its Warehouse Management system.

According to Allan Tisbe, business systems manager for distribution logistics software, "As an IT person, the new capability that excited me the most was the MHE changes, the margin for it and how it interfaces with Dematic."

Tisbe added, "By going to the upgraded system, we were able to reduce our custom code because many of the capabilities we need are part of the base code in the 2010 release. So we're getting closer to the base system, which has always been my goal."



Looking at the Labor Management part of it, we rolled out the system for two reasons. One was to have return on investment with an efficiency gain. The second was to enable us to more fairly recognize and compensate the performance of our associates.

Kirk Williams, Senior Director of Distribution



"It's not the first time I've done an upgrade in my tenure here so we've been able to learn from our previous mistakes—and successes—and apply what we've learned in this latest upgrade. And the support we received from the management team on both sides was a huge plus," said Tisbe. Williams added, "We were up and running in no time—we closed operations on Friday, installed the software Saturday, tested on Sunday and went live on Monday—so there was no impact on our business. The transition was very smooth and pretty transparent from the DC perspective and on the operations side. There was just a minimal learning curve for our associates to learn to use the new software."

15% Increase in Labor Productivity

In addition to an upgrade of their warehouse management system, Pacific Sunwear has deployed Manhattan's Labor Management solution. According to Williams, "We had a labor management program in our Anaheim facility through another vendor before we closed Anaheim. We opened Olathe without one at all, wanting to reach a certain level of efficiency before we implemented another program. We anticipated a 15% bump in productivity. It was a gradual rollout, with an incentive component added after a few months. We did achieve a 15% bump, right in line with our expectations."

Williams said, "Looking at the Labor Management part of it, we rolled out the system for two reasons. One was to have return on investment with an efficiency gain. The second was to enable us to more fairly recognize and compensate the performance of our associates. Now with this program we finally have the data to adjust compensation based on performance. The associates see it as being fairer and we're building a stronger team for the future."

With the implementation of the Warehouse Management upgrade as well as the Labor Management system, Pacific Sunwear has been able to reduce labor costs.

In the hyper-competitive world of retailing, Pacific Sunwear is taking strategic steps by using its supply chain as a market differentiator. As a result, the company has increased productivity by 15%, which has resulted in savings in labor.