

BLUEPRINT FOR FOOTWEAR LOGISTICS

A BARRETT DISTRIBUTION CENTERS CASE STUDY

As Vibram faced the challenges of rapidly growing demand for its wildly popular footwear innovation, the company found its Enterprise Resource Planning (ERP) and IT systems inadequate to process the growing number of orders. Barrett worked with Vibram to address challenges, while simultaneously creating a solution to build and maintain separate order processing and management locations for web and retail orders, improve forecasting capability and bring inventory levels up to ensure responsiveness to the surging demand. Additionally, we dealt with requirements for counterfeit product detection and management of the brand threat, while ensuring that all solutions position Vibram to scale, with orders and delivery (direct to consumer and to retail channels) capable of fast response as orders grow in number and complexity.



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BACKGROUND

When Vibram founder, Vitale Bramani, invented the first rubber soles for mountaineering boots in 1935, it was the beginning of a revolution. More than 75 years later, Vibram is known around the world as the undisputed leader in soling technology for a wide range of quality performance footwear products. Vibram manufactures more than 34 million soles annually for more than 1,000 premium footwear brands worldwide. FiveFingers is the latest example of the relentless commitment to research and product innovation at Vibram. Launched in 2006, the highly popular 'footglove' has revolutionized the footwear industry.

Barrett Distribution Centers has invested in infrastructure, systems and technology needed to support that dramatic Americas market growth in a four year period.

Barrett has absolutely helped us grow. They invested in technology and made improvements in their facilities to help us with an 8-fold increase over four years.

- Michael Martin, VP of Sales, Vibram Five Fingers, USA

Barrett's Blueprint® process is a proprietary approach to designing, implementing and managing supply chain solutions which holistically deploy Barrett's people, process and technology resources, in collaboration with others as required. The Blueprint process methodology provides a professional framework for very deliberate consideration of all aspects required to create a tailored road map for each customer engagement. This case study is another in a long line of validations of the process as a value driver that establishes solution control and results that meet or exceed customer expectations.

The sketch below charts key steps from initial analysis through design and manage to improvement:



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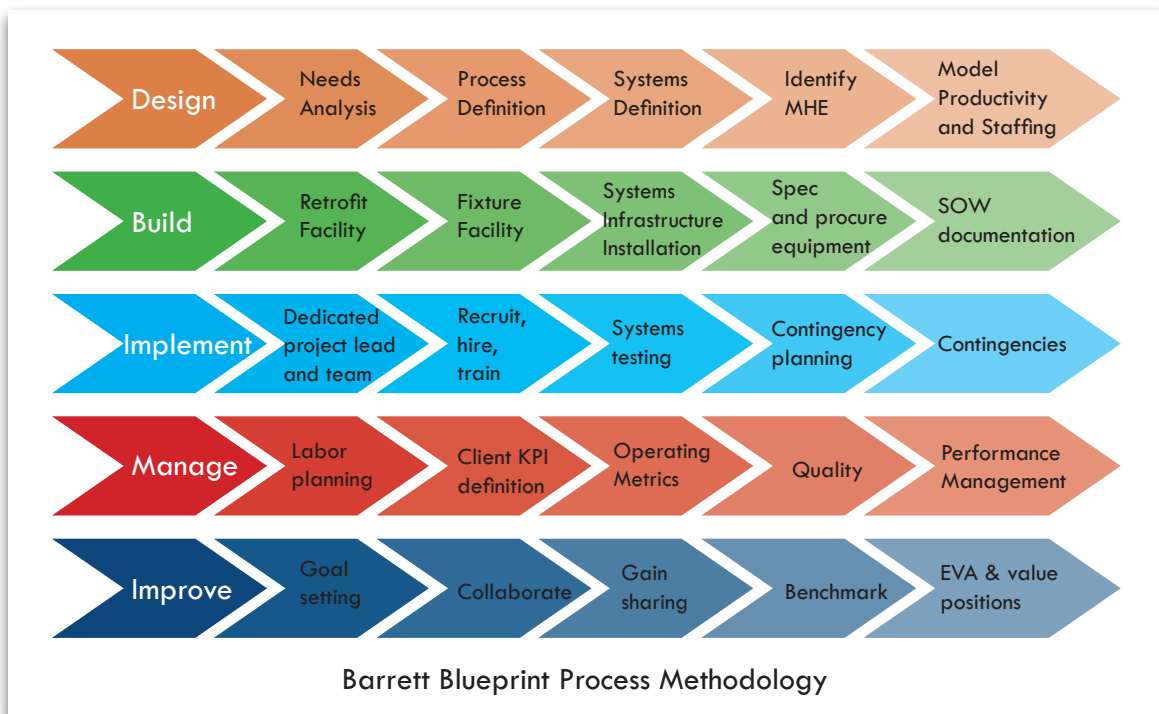
SCOPE OF OPERATION

The next few pages illustrate, step by step, how the Barrett team worked with this innovation-centric client to identify opportunities to scale the operation, improve order efficiency which in turn improves retailer satisfaction and increases order levels.

SCOPE OF OPERATION

Barrett handles all shipments for Vibram, to the consumer direct and retail channel in the US, Canada, and Mexico. Barrett approached the overall supply chain solution using Barrett's proprietary Blueprint Process methodology, described below.

Following is a recap of results achieved for Vibram, in each phase of the process, using this framework:



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SCOPE OF OPERATION



Design

DESIGN PHASE

Barrett evaluated the unique requirements and challenges inherent in the handling of both consumer direct distribution and retail distribution from one centralized inventory. Barrett developed facility layouts to handle the diverse needs of these two channels as well as the timely order selection for the extreme outbound peaks at month end and quarter end.



Build

BUILD PHASE

In the Build phase, Barrett's team created a customized allocation program as well as a modified order fulfillment process called "Quick Picks" in order to eliminate steps in the order fulfillment process and increase productivity. We established an Account Management Team dedicated to managing the Vibram account and to effectively communicate information between companies.



Implement

IMPLEMENT PHASE

To manage Vibram's startup, Barrett deployed a detailed project plan, tracking specific milestones. The Operations team implemented processes including an hourly report to display status of orders and worker productivity to maximize the number of orders processed each day. An IT resource operated and managed the ERP system as well as the customized IT interfaces for Vibram.



Manage

MANAGE PHASE

Key Performance Indicators (KPI's) that measure accuracy and turn time have been consistently met by maintaining focus on excellence. Any variances are documented and corrective actions implemented. Results are reviewed internally on a daily basis and with Vibram during the quarterly business reviews (QBRs). Open communication with a dedicated customer service representative has contributed to outstanding results. Barrett also manages the returns process for Vibram products, which includes training employees in counterfeit product detection.

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SCOPE OF OPERATION



Improve

IMPROVE PHASE

Over the last three years the warehouse has been reconfigured to hold more than 20 times the amount of Vibram product that was originally contemplated. With Barrett's continuous improvements, accuracy has increased to 99.98% and Vibram's fulfillment costs have been reduced by 37%.

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CONCLUSION

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Barrett Distribution Centers and Vibram are sharing the risks and rewards of well planned investments, improved efficiencies as operations scale and the ultimate satisfaction of customers. As volumes have increased, our processes, people, and systems have ensured consumer and retailer satisfaction with the Vibram brand. The Barrett/Vibram team is continually reviewing processes, training, and technology deployed to ensure the success of future growth and product launches.

The people we work with at Barrett really care about the success of Vibram. The Barrett team is focused on continuous improvement of our logistics, and enhancing our brand image in the eyes of our consumers and retail customers. Their partnership and support have been critical to our rapid growth.

- Mike Gionfriddo, President/CEO, Vibram USA, Inc.



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ABOUT BARRETT DISTRIBUTION CENTERS



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Barrett Distribution Centers, headquartered in Franklin, Massachusetts, and founded in 1941 as a single warehouse operation, has grown to serve a wide array of customers and industries with a network of 13 strategic distribution centers throughout the US. These facilities are designed to efficiently handle fast moving consumer goods for leaders and future leaders of the consumer electronics, chemical, food and beverage, and footwear and apparel sectors. Barrett provides both consumer direct fulfillment and retail channel delivery, with facilities and operations covering the East Coast, West Coast, Mid-Atlantic and Southeast.

For more, please visit www.barrettdistribution.com.