



The Supply Chain Results Company™

## Saving Millions at VF Corporation Through Tighter Supply Chain Planning

Looking to replace disparate legacy systems with a common system across its business units, VF Corporation implemented i2 Supply Chain Planner.™ Through its implementation, VF achieved a \$24 million one-time savings, and saves an on-going \$8 million a year through reduced inventory and obsolescence, and increased planning efficiency.

Apparel manufacturers face a tremendously complex supply chain. The volume of materials, styles, colors, and sizes necessary to create one line of clothing can result in an astronomical number of SKUs.

As one of the largest apparel companies in the world, VF Corporation knows firsthand how this kind of complexity can create obstacles to efficiency. The company generates annual sales of \$6 billion from its extensive range of popular brands including Wrangler, Lee, The North Face, JanSport, and Nautica. VF serves primarily as a wholesaler, with its brands targeted to one of three distribution channels—department store, mid-tier, and mass merchants.

In business for more than 100 years, VF had been traditionally a financial holding company. It acquired brands, left them alone, and they worked as individual companies. Some, like Lee and Wrangler, even treated each other as competitors. In the early 1990s, VF's new CEO, Mackey McDonald recognized that the company needed to be reorganized.

"Mackey McDonald started forming business units, or coalitions, as we call them," said Ellen Martin, VF Corporation's Vice President of Supply Chain Systems.



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### Challenges

- Share best practices among business units
- Replace disparate legacy systems with common system
- Eliminate manual planning functions

### Solutions

- Review supply, demand, materials, and capacity daily with i2 Supply Chain Planner
- Regulate inventory levels based on Supply Chain Planner recommendations
- Redeploy planners to focus on more high-level business issues

### Results

- Achieved \$24 million one-time savings and on-going annual \$8 million savings
- Reduced inventory and obsolescence
- Increased planning efficiency

### Company Description

With annual net sales of \$6 billion, **VF Corporation** is one of the largest apparel companies in the world. VF employs 55,000 people worldwide, and is headquartered in Greensboro, N.C. VF's brands span the jeanswear, intimate apparel, and outdoor and specialty apparel industries.

*“We found that, in both the Imagewear implementation and the Jeanswear implementation, we achieved a one-time savings of \$24 million, as well \$8 million each year, in terms of reduced planning times, in people time, in reduced work-in-process inventory, and in reduced obsolescence.”*

*—Ellen Martin  
Vice President of Supply Chain Systems  
VF Corporation*



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“He then recognized that each company used best business practices that should be shared across the company. When we formed the group to look at them, we found we had a series of disparate legacy systems that did not enable best practices within the business. So it turned from a business best practice reengineering process to a common system search.”

### **Why i2?**

VF began looking for a best-of-breed solutions provider to put all of its business units on a common system. After carefully examining the solutions available in the marketplace, VF chose i2, implementing i2 Factory Planner™ in its Playwear division.

At the same time, VF made the decision to purchase SAP as its ERP system.

“I went to Germany and worked with SAP on what production planning should be,” Martin said. “They finally said to me, ‘SAP is not going to do that.’ So we came back to the U.S., and about that time i2 Supply Chain Planner was released. And that’s how we expanded our relationship with i2, because it appeared SAP was not going to cover our production planning needs and Supply Chain Planner could.”

### **i2’s Contribution**

VF implemented Supply Chain Planner in each of its many business units, which each face unique challenges. For example, VF’s Intimates division not only makes lingerie, it also makes some of the materials that the lingerie is made from. The division is responsible for buying the fiber; knitting, dyeing, cutting and sewing the fabric; and getting it ready to go to the distribution center, and ultimately the retailer. Supply Chain Planner has proved to be up to the task of managing VF’s complex supply chains.

***“When we first installed Supply Chain Planner, the planners were reluctant because they were comfortable with what they were doing,” Martin said. “Now, if we said we were going to take Supply Chain Planner away from them, they would say, ‘We cannot do business without it. We quit. We’re out of business.’ They are so reliant on what Supply Chain Planner does for them.”***

“A good example of the complexity is apparent in one of our brands, Vanity Fair, which makes bras,” Martin said. “There is an average of 30 components that goes into a bra. Each component has an average of three substitute items that could be used for one of the 30 primes.

If you take the number of SKUs we try to plan, times the 30 materials, times the three subs per material, times the multiple plants, it’s exponential as to the number of decisions the Supply Chain Planner engine makes. Supply Chain Planner does the complete materials resource planning for all 32,000 SKUs, for a 77-week horizon, in five hours. It is unbelievable how the engine performs.”

Prior to the implementation of Supply Chain Planner, VF’s planners relied heavily on manual spreadsheets. The number of styles, colors, and sizes that each planner was responsible for made it nearly impossible to be accurate using manual processes. VF found that it was often building inventory on things it didn’t need, and coming up short on inventory for items that were selling.

“The real advantage of Supply Chain Planner is that it’s refreshed every night, it has no memory, and it has no feelings,” Martin said. “So if it sees a reduction of supply or demand, changes in capacity, or changes in raw material availability, it makes the adjustments immediately and recommends the steps to get back to an acceptable inventory level. Every morning, we get a fresh answer. No human could do what the engine does.”

This added efficiency enables VF’s planners to be true planners, not just clerical staff.

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## VF Corporation's Results

After implementing Supply Chain Planner in its Jeanswear and Imagewear divisions, VF embarked on a study to examine the results that were achieved.

"We found that, in both the Imagewear implementation and the Jeanswear implementation, we achieved a one-time savings of \$24 million, as well \$8 million each year, in terms of reduced planning times, in people time, in reduced work-in-process inventory, and in reduced obsolescence," Martin said.

With this magnitude of savings, VF executives believe they've accomplished the goals of their implementation of i2 solutions.

"I'm a big proponent of Supply Chain Planner," Martin said. "We've gotten our education level up to where we know why the engine works, how the engine works, and how to get the most out of the engine. It has been well worth the efforts. I think we have achieved the result that we wanted and the payback that we wanted."

While the overall implementation required considerable work, VF has found the time invested to be well worth the effort.

"Supply Chain Planner is, without a doubt, unique—no one has anything like it on the market," Martin said.

"It is still in a class by itself in providing value. Each of our implementation times got progressively shorter. We got better, we learned, and we're very proud of our implementation of Supply Chain Planner. We've invested the time and the money in this relationship, and it's paid us back tenfold."



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