



Reducing Inventory at VF Corporation

VF Corporation's goal was simple—to be the global apparel leader in growth, service, and brand value. To do that, the company had to focus on pleasing its retail customers who, in turn, had to delight the end consumer. VF Corporation's CEO and President Mackey S. MacDonald termed this concept "consumerization".

For consumerization to work, VF Corporation had to instantly know what product was needed when and where, then immediately supply it to the retailer. But executives faced a challenge in responding because of the company's disparate planning systems.

Each of VF Corporation's 10 divisions was responsible for its own manufacturing planning. Those planning processes varied with each division, ranging from manual planning to sophisticated spreadsheets to integrated computer planning systems.

As part of this enterprise-wide value chain re-engineering process, company executives needed to create one unified planning system that would add velocity to the planning process.

"We're producing literally millions of garments every week, so we have to be very effective and efficient," said John Brintnall, VF Corporation's Team Leader of Supply Chain Management. "Our challenge is to match material and capacity with a plan we can execute."

Why i2?

After a search for software providers, VF Corporation chose i2 Supply Chain Planner,™ part of the i2 Supply Chain Management™ suite of solutions.

i2 solutions enable consumer goods companies to simultaneously optimize and monitor inventory; reduce costs and risks through integrated sourcing, negotiation, and procurement; and improve customer service levels and reduce fulfillment costs through multi-division and multi-channel order management.



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Challenges

- Better determine demand by integrating disparate planning systems
- Add velocity to the planning process
- Match material and capacity with executable plan

Solutions

- Implement constraint-based planning
- Add velocity to planning process
- Provide visibility into supply chain

Results

- Reduce inventory by tens of millions of dollars
- Increase customer service by at least 10% to 15%
- Generate realistic, feasible, and executable plans, accounting for constraints

Company Description

Based in Greensboro, N.C., **VF Corporation** is the world's largest publicly owned apparel company. VF employs 64,000 workers and has annual sales of \$5.7 billion. With 93 manufacturing facilities, more than 70 contractors, and 54 distribution centers around the world, VF Corporation operates a complex supply chain.

Additionally, consumer goods companies use i2 solutions to minimize transportation costs and increase service levels through integrated transportation procurement, planning, execution, and monitoring.

i2's Contribution

In generating those plans, i2 solutions consider demand, alternate routings, inventory levels, material availability, capacity, and other constraints within VF Corporation's manufacturing process.

"None of the other solution providers could generate a true plan. Supply Chain Planner is able to take true demand, alternate routings, and raw materials' position and come back with a plan based on what you have currently and tell you what you should do in the future."

—John Brintnall, Team Leader of Supply Chain Management, VF Corporation



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"Supply Chain Planner is helping us to optimize the manufacturing of our products," Brintnall said. "That's critical to us because of the complexity of our supply chain. For example, we have several different possible routings for our products, and these products share materials with other products that have different routings. We need to keep the right sizes of differing color combinations on the shelf."

VF Corporation's Results

In the past, with their varied systems, VF Corporation executives might generate a sophisticated plan, only to learn later that they did not have the necessary material to carry it out. i2 solutions are ensuring that VF Corporation's planners easily get all of the material and capacity data, allowing them to make intelligent business decisions.

Sorting through such a high volume of data, planners often missed details at the individual SKU level, sometimes ignoring products altogether. i2 solutions have also helped VF Corporation reduce planning cycle times by 75 percent.

"Supply Chain Planner takes the grunt work out of the planning process," Brintnall said. "It gives us a better view of our supply chain and allows us to see problems on an exception basis."

Although i2 solutions are still in the implementation stage at its Workwear, Intimates, Knitwear, and Jeanswear coalitions, VF Corporation anticipates tens of millions of dollars in savings per year, due in large part to inventory carrying cost reductions. VF Corporation also expects a minimum customer service improvement of 10 percent to 15 percent.

"Right now, if we can't ship a product to a store, then all we have is an empty shelf sitting out there, and we're losing sales," Brintnall said. "Therefore, increased customer service translates into increased sales."



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