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Fox Racing

Slashes Labor Cost, Improves Order Processing Time with New Systems

Results:

- 50% decrease in picking labor
- 50% increase in lines per hour
- 99.995% picking accuracy
- Decreased parcel packing stations labor by 66%

And more!



Fox Racing provides high-quality gear to protect extreme athletes from injury. Fox launched their supply chain into extreme performance by leveraging Fortna's tools, processes and people to manage risk.

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Driving Supply Chain Results

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Extreme Business Goals for the New System

Fox Racing is one of today's most recognized brands among Gen Xers and Millennials. The popularity of their clothing, footwear and accessories has expanded beyond motocross competitions to the local mall. Fox maintains their branding domination on the motocross circuit by sponsoring leading riders such as James Stewart, 2008 winner of the AMA Motocross National Championships. Since its founding in 1974, this private family-run company based in Morgan Hill, California has grown to be a world-wide distributor servicing the retail and wholesale markets through internet and company store sales.

Extreme Business Goals for the New System

With the business goals of accommodating growth, reducing labor costs through improved operations and improving inventory accuracy, Fox decided to replace their homegrown system with a third party warehouse management system (WMS) in 2007. Fortna, a supply chain design and implementation firm, provided an iterative implementation approach focusing on solid project leadership and proven transition management techniques. Fortna partnered with the team from Fox for design, testing, training and host integration efforts.

In addition to reducing labor costs and reducing late order processing (which had a negative impact on customer service), the new system was not to negatively impact outbound orders on go-live day. Fox wanted to avoid the "J-curve," a drop in productivity to pre-system levels that commonly occurs immediately after a new implementation.

Further, existing processes were inefficient in wholesale, the fastest growing segment of Fox's business. For example, processing of Value Added Services (VAS) orders for wholesale customers was slow, relied on a great deal of "tribal knowledge" to fulfill, and frequently required orders to be expedited to avoid cancel dates. Additionally, processes utilized by their legacy system resulted in inventory inaccuracy. Not only was this a problem for daily operations, but it led to an ineffective use of space and threatened Fox's ability to remain in their current facility.

In order to meet these business drivers, the Fox management team established specific goals for the WMS implementation:

- Successful implementation with no significant loss of business
 - Implementation on time and within budget
 - Go-Live during an optimal time in the business cycle
 - System change must be transparent to customers
- Enhance Fox Racing's ability to execute, grow and take advantage of future opportunities
 - Need the ability to quickly and easily add new wholesale customers
- Reduce order fulfillment costs from
 - Labor savings, and
 - Greater ability to meet customer service commitments (reduce expediting costs)
- System must be flexible to
 - Support new process flows
 - Support new facilities
 - Balance best practices with unique Fox requirements
- Assist with Vendor Compliance
 - Chargeback reduction
- Easy to Integrate
 - To the ERP System
 - Web based
 - Facilitates RF and voice recognition system use
- Low Cost of Ownership
 - Easy to upgrade
 - Easy to maintain

Evaluating the New System

A team of Fox associates executed the WMS system selection where a total of five vendors were taken through the process. The evaluation included an extensive RFP, scripted demonstrations, reference visits before and after the demos and trips to the headquarters of the final two vendors. At the end of the process, the Fox Team selected a WMS that was the best fit for meeting their business goals, provided the most flexibility, was the best platform for the business to support and delivered the overall best value for their investment.

The Implementation: Plan Phase

Following the selection, Fox partnered with Fortna to provide project management, lead testing and training program development, provide technical support and lead transition management efforts. From the first planning meetings, Fortna focused on an iterative approach where processes would be designed and tested in parallel vs. in sequence, reducing risk and speeding solid development.

The Fortna team started the Plan Phase of the implementation by working with Fox to define project scope, goals, responsibilities and approach. Project teams were determined and kicked off in preparation prior to the design sessions (to ensure that those participating in the design workshop would know their areas of responsibility beforehand.) Project plans and other project management tools such as an issue tracking tool were put into place as well.

The scope of the Fox Racing WMS project included the implementation of the new WMS and a shipping/manifesting system. Interfaces would need to be developed between the WMS and their host system and between the WMS and the shipping system. In order to best meet Fox's labor productivity goals, it was determined as part of preliminary design to implement the use of new RF functionality as well as hands-free Voice Picking. Some facility improvements, such as a re-design of the picking carts and the use of integrated scales, were also within the project scope.

The often-overlooked transition management plan was also set during this Phase. From the first few meetings, the teams worked together on defining the end result and ensuring the adoption of those new operations by including a detailed "people plan." Fox's self-reliance at the conclusion of the project was of paramount importance.

The Implementation: Design Phase

In order to facilitate a more effective design workshop, Fortna worked with Fox to develop the "future state" in detail. Two receiving processes would be needed – one to receive whole pallets of a given SKU and one to handle smaller non-palletized quantities. Dimensions would be captured to facilitate system directed putaway and cartonization. The quality control process would be prompted and tracked by the WMS and the system would allow product to be systematically pulled from storage if quality issues were determined. With the old system, replenishment required labels to be printed and required operators to select a specific carton. With the new design, labels would not be needed and an operator could select any carton in a reserve location that was of the same SKU and quantity.

Three different picking processes resulted from the design effort. The majority of orders would be completed using a voice-directed process which drives the operator to fill a set of pre-cartonized boxes on a cart. An RF process was also developed for picking one line orders into shipping envelopes. This was determined to be the fastest means to pick a considerable percentage of orders especially, during the holiday season. Third, an additional RF picking process was developed for items that were difficult to cartonize (e.g. large items, irregularly shaped items, etc.). The packing process would manifest each carton as it was being processed and provide detailed instructions for VAS customer cartons. For wholesale orders, cartons would be systematically palletized so that they could be tracked in pack and hold storage locations.

During the design workshop, functional and technical (such as interfaces and hardware) requirements were defined, along with organizational requirements. To ensure adoption of the new system and processes, new organizational structure and communication plans were determined as well. After the workshop, the project plan was re-assessed based on the completed design.

The Implement Phase

While the WMS was being configured, Fortna and Fox began the Implement Phase of the project by detailing the Functional Testing approach and developing detailed test scripts that tested each branch of logic in the design. Also, Fortna led the development of the training program and the standard operating procedure documentation which was executed by the Fox distribution supervisory staff.

Upon delivery of the configured WMS code, the Functional Test team, including Fox Racing end users, began end-to-end testing. The tests started with the creation of PO's and orders on the host system, interfaced and processed them in the WMS and interfaced them back to the host where the results were validated. Execution of the testing was done primarily by Fox Racing managers, supervisors and assistants in order to build and deepen the application skills and experience in those groups and ensure their self-reliance at the conclusion of the effort.

Prior to code delivery, interface download testing had been performed from the host system to the WMS. Following code delivery, upload testing was executed as part of end to end Functional Testing. Additional testing was also conducted to ensure EDI and UCC128 compliance with partner requirements and to ensure that uploads from orders originating from various sources and using various shipping methods processed correctly on the host.

Once the system had been configured, set up of training data for class exercises began. In addition to the training exercises, Fortna also developed the training schedule for the classes. Once that had been completed, Fortna employed a People Readiness Program that prepared the Fox supervisory staff to train their associates.

Another key activity during the Implement Phase was the planning and execution of Operational Readiness Tests (ORT's.) These tests were "dress rehearsals" of the go-live, including system conversion. Copies of real orders were processed on the floor on four weekends using the new WMS application. Staffing for the ORT's was varied so that most employees had the chance to participate, and for each ORT, the volume of orders processed was increased to more closely approximate production. Since system conversion was part of each ORT, the plan for go-live conversion was largely "bullet-proofed," further ensuring minimal business risk.

Throughout the Implement Phase, Fortna resources also supplemented Fox's internal IT staff helping with activities ranging from source control and migration strategy to setting up RF units. As the project progressed, Fox took over more of the "hands on" work as part of the overall transition management plan. Also, technical work done by the Fortna team was thoroughly documented and reviewed by Fox to ensure that knowledge transfer would be complete at the conclusion of the project.

The Convert Phase

Thanks to extensive planning and transition management efforts, the first day of the new WMS was a “non event” per Robby Dhesi, Director of Distribution for Fox Racing. All new processes, including voice picking, were launched at go-live and 100% of all orders shipped from Day 1. The goal of making the implementation completely transparent to Fox’s customers had been achieved. The J-curve was avoided and Fox was well on their way to reaching their financial goals.

The conversion process itself had been executed repeatedly during the Operations Readiness Tests and most associates had obtained experience processing orders during these tests. A further testament to this solid implementation approach was that onsite production support was only needed for the first week after go-live – Fox achieved their goal of self-reliance.

Extreme Project Successes

Within the first month after go-live, Fox Racing had accomplished the following business goals:

- Received and processed nearly 50% more cartons than the previous daily record
- Achieved huge labor savings by reducing the number of pickers by 50%, even with 52% higher sales volume
- Reduced mis-picks with picking accuracy now charted at 99.995% with the voice units, up from 82.16% with previous paper-based picking
- Dramatic increase in worker productivity with lines picked per hour doubled from the old paper-based method
- Dramatic reduction in order processing time, including complex VAS orders completed in hours vs. days
- Decreased Parcel Packing Stations labor by 66%
- Eliminated shipping bottleneck because manifesting is now done at each pack station
- Eliminated “tribal knowledge” of VAS steps (orders can be processed by any associate)
- Dramatic improvement in cycle counting time

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