

New Era Grows Business with NFL License



“I am extremely happy with our early, under budget delivery. I commend the team for their great work.”

Jeff Holker, Director of Operations, Menlo Worldwide

For 80 years New Era Cap Company has provided quality headwear to sports fans across the globe, giving rise to new styles that sports fans refer to by name – like 59Fifty™ and 39Thirty™. With its history firmly rooted in Major League Baseball, New Era entered a five-year contract as the official headwear provider of the National Football League with a reputation to uphold.

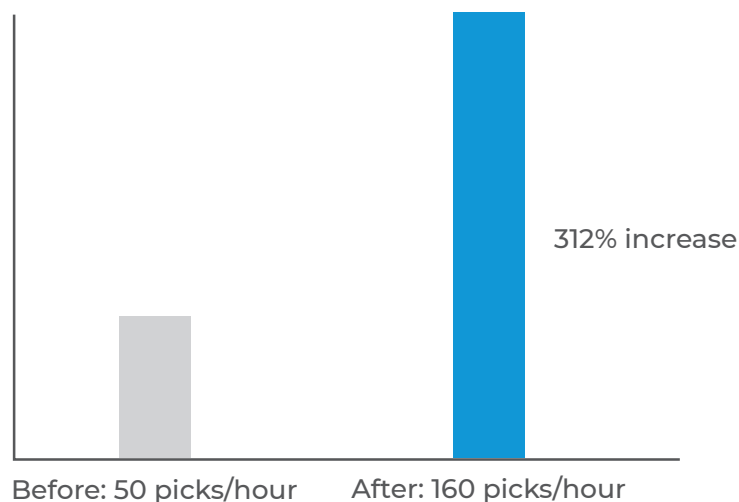
THE CHALLENGE

New Era is best known for being the official on-field cap for both Major League Baseball and the National Football League. The brand is worn as a symbol of self-expression by athletes and artists and is known more by its styles and quality than by the company name.

It's a very dynamic business, with a narrow timeframe to customize, fulfill and ship orders of highly seasonal items based on team and player popularity and performance. And there are complex service requirements that include shipping orders packed and marked for each customer's stores and prepared for cross-docking at each customer's distribution center.

New Era's existing operation, outsourced with logistics provider Menlo Worldwide, was already near capacity. The business was growing steadily and adding new lines of apparel and accessories. Then the addition of the NFL license doubled volume virtually overnight.

3X Improvement in Dynamic Pick Area



They had only a short six-month window to build the needed storage and throughput capacity into their distribution operation or risk disappointing football fans and falling short of their goals for growth.

One of the biggest challenges would be to continue the existing operations without disruption while constructing the future state operation.

New Era and Menlo turned to Fortna for help to create a comprehensive Operations Design that would meet the company's growth requirements, identify gaps in its current capabilities, and build the business case for the path forward.

THE BUSINESS CASE

Fortna took a broad approach that went beyond the layout and investment in material handling equipment to assess the impact on and the investment in building, systems, labor, and inventory so that New Era and Menlo could fully understand the feasibility, risks, and return on investment.

The solution would have to deliver nearly twice the capacity, cost savings of at least 25% and service improvements as well. And all the modifications would have to be done as operations continued without disruption.

THE SOLUTION

Fortna conducted an in-depth analysis of the company's sales, order types, order frequency, SKUs, customer behavior, logistics, systems and equipment. Armed with that data, Fortna led a series of workshops that brought together all of the stakeholders involved to gain consensus on both current and future requirements, concept design, business case and a roadmap for future growth. Fortna's methodology ensured an integrated approach to procurement decisions, considering the impacts across multiple, parallel work streams related to the building, equipment, processes, systems, people, etc. Process and system requirements were considered alongside storage and equipment requirements.

After extensive alternative analysis the agreed upon solution was a retrofit to their current space and implementation of a new method of operations to handle the growth in volume. The solution included velocity-based storage media, dynamic pick cells, a value added services area that feeds directly to the rest



of the operation, round robin packing area, shipping sorter and FortnaWCS™ warehouse control software integrated with their warehouse management system.

Fortna worked seamlessly with both New Era and Menlo to deliver a facility and systems that were customized for New Era's unique business requirements, including high SKU turnover, volatile demand and short lead times. New Era and Menlo are



able to move confidently into future licensing contracts with full knowledge of what's required and a roadmap to follow as they add capacity for future growth.

THE PAYOFF

With the new distribution operation, New Era and Menlo are able to service the NFL business and can continue growing with new licensing partners and new markets. Service has improved as orders that used to take days are now fulfilled in hours with greater than 97% accuracy. And the new operations are much more efficient, decreasing operations expense by 30% percent.

They realized the full return on investment within 1.5 years, six months sooner than expected.

Strong negotiating on material handling equipment brought the project in under budget. Fortna's unique financial guarantee meant that those funds were returned to New Era which chose to reinvest the funds to build additional lines for future growth.

A new dynamic pick area to handle low unit/high line order profiles tripled picking efficiency for a significant portion of their orders. Additionally, the implementation of an elevated packing platform enabled them to free up approximately 10% of the building footprint, space that was re-purposed to alleviate bottlenecks in outbound order staging.

Their new distribution operation enables them to deliver with speed and accuracy and helps put them ahead of the competition. By improving service levels and efficiency in its distribution operations New Era is able to capitalize on short-term demand opportunities—such as commemorative caps for playoff and championship games. And Fortna provides 24/7/365 support, as the company continues a growth trajectory that has them holding on to their caps.

For more information, contact The Distribution Experts at info@fortna.com.

THE DISTRIBUTION EXPERTS™

Fortna partners with the world's leading brands to transform their distribution operations to keep pace with digital disruption and growth objectives. Known world-wide as the Distribution Experts, we design and deliver intelligent solutions, powered by FortnaWEST™ software, to optimize fast, accurate and cost-effective order fulfillment. Our people, innovative approach and proprietary algorithms and tools, ensure optimal operations design and material and information flow. We deliver exceptional value every day to our clients with comprehensive services including network strategy, distribution center operations, material handling automation, supply chain systems and warehouse software design and implementation.

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