

Major Apparel Wholesaler and Retailer

Client Overview

As one of the world's leading branded apparel companies, this company designs and markets jeans and jeans-related pants, casual and dress pants, shirts, jackets and related accessories for men, women and children in more than 100 countries.

The Challenge

As part of a strategic planning process, the company sought to benchmark its current distribution methods and costs against other apparel wholesalers and vertically integrated retailers. They requested the assistance of Tompkins Associates (Tompkins) to perform a benchmarking assessment. The purpose of the project was to:

- determine and target the areas where the company was non-competitive.
- understand key cost drivers, particularly in areas where industry benchmarks were not met.
- understand the extent to which the company's business processes can support a growing retail network and position it to become a competitive mid-sized apparel retailer.
- devise a strategic plan for distribution to significantly reduce the cost structure while maintaining or improving service levels.

The Solution

Tompkins' approach was to benchmark the company against the [Supply Chain Consortium](#) database and a specific anonymous subset of past clients. Through benchmarking, Tompkins determined several areas where the company performed below benchmarked standards. Tompkins also identified the value of balancing the company's performance to the performance of the benchmarked companies.

The Results

Improvement opportunities were found in the following areas: wage rates; employee incentives; fringe benefits; percentage of overtime; use of part-time employees; use of seasonal employees; percentage of value-added service; percentage of crossdock/flow through; percentage of each pick versus case pick; material handling system support; and warehouse management system maintenance.

By reducing unnecessary costs and adjusting its standards to meet the benchmarks provided by Tompkins, the company has the opportunity to significantly reduce its cost structure and to continue its long standing success.