LOGILITY

Customer Success Story

Ashley Furniture - designing the perfect order with inventory optimization

Improved customer satisfaction

Expanded visibility and planning throughout the global supply chain

Avoided the need for additional distribution center space

Optimized inventory at the item level

Activated management by exception so biggest issues get first attention

Reduced safety stock

Challenge

Ashley Furniture needed to fuel profitable growth while creating a customer-first experience by improving its perfect order index with fast and efficient delivery without increasing safety stock.

Logility Digital Supply Chain Platform

Logility helped Ashley Furniture right-size inventory across its global supply chain network and reduce safety stock.

ASHLEY®
FURNITURE INDUSTRIES, INC.

Facts
Industry
Furniture Manufacturer and Retailer

Headquarters
Arcadia, WI

Revenue
$5.3 billion

Profile
Ashley Furniture is the third largest home furniture manufacturing company providing case goods, mattresses, upholstered goods and home accessories that are sold by more than 6,000 retail partners.

"Logility Inventory Optimization gives us the visibility we need across our entire supply chain. It allows us to better manage our business based on true demand and place inventory when and where it is needed to support our customers' requirements."

Maegan Huber, Forecasting and Inventory Optimization Supervisor - Ashley Furniture

Founded in 1945 in Arcadia, Wisconsin, as a manufacturer of occasional tables, Ashley Furniture has grown into a leading global designer, manufacturer and retailer of residential furniture and accessories. Ashley Furniture has more than 700 independently-owned stores worldwide and supports an e-commerce channel and sales to other retailers. The company has six U.S. distribution centers and manufacturing locations in the US, China and Vietnam.

Customer expectations to get what they want, when they want it, have never been higher—and that extends to the furniture industry. To fuel continued growth, Ashley Furniture needed to increase its already high customer service levels by ensuring rapid delivery of perfect orders—complete and defect free.

> *"After implementing Logility, we immediately saw a significant reduction in effort to leverage a wide variety of inventory rules."*
>
> Maegan Huber,
> Forecasting and Inventory Optimization Supervisor
> Ashley Furniture

However, reaching the new goal with the existing planning model would require increasing safety stock levels, thereby driving up inventory, storage and transportation costs. Ashley Furniture knew it needed a more efficient way to optimize its inventory across its entire supply chain network.

Overcoming Inventory Obstacles

Ashley Furniture has used Logility since 1998 to manage its strategic business initiatives involving demand, inventory and replenishment planning. Turning to Logility for inventory optimization was a natural extension to help achieve its new customer service and inventory goals.

In addition to fluctuating customer demand patterns, supply uncertainty needed to be taken into consideration when applying more precise inventory rules. For instance, some suppliers manufacture and ship weekly, while others do so monthly and have varied shipping times. In the past, inventory rules were applied uniformly across the supply chain, without consideration for varying SKU patterns by region.

Logility helps companies create a formal sales and operations planning [S&OP] process to make timely decisions and align supply, demand and inventory.

Logility Inventory Optimization™ enables you to:

- Consider the whole supply chain, rather than point-by-point
- Choose the ideal stocking location and size of inventory buffers
- Base inventory policies on field-proven optimization algorithms
- Perform "what-if" analyses to examine different ways to achieve desired service levels
- Tailor simulations to specific product segments or markets
- Use time-phased safety stock optimization to align your inventory investment to business cycles

Logility enables you to:

- Boost forecast accuracy
- Improve sales and operations planning
- Increase inventory turns
- Successfully plan and manage promotions
- Set time-phased inventory targets
- Easily collaborate with suppliers and customers
- Reduce out-of-stocks

Starting Small

Ashley Furniture took an incremental approach to rollout, starting with low-dollar goods such as lamps and picture frames. After all imported items were optimized in Logility Inventory Optimization, the team moved on to domestically manufactured goods before finishing with upholstery, kits, components and purchased parts.

The new inventory optimization strategy is delivering benefits across Ashley Furniture's global supply chain network. "With Logility we are right-sizing our inventory," Huber says. "We're getting the inventory to the right locations, reducing it where possible and increasing it where needed. We are also seeing some unplanned benefits of finding additional opportunities to reduce forecast error, saving the company money by not buying inventory or transferring it from incorrect locations."

Cascading Benefits

Ashley Furniture now optimizes inventory at an item level, with rules tailored to a specific item and region. The solution helps analysts have a greater and more efficient impact on business. By instituting a management by exception process, the scenarios with the biggest impact to the business receive the analyst's attention first.

"Logility gives us the visibility we need across our entire supply chain,"Huber says. "It allows us to better manage our business based on true demand and place inventory when and where it is needed to support our customers' requirements."

About Logility

Accelerating the sustainable digital supply chain, Logility helps companies seize new opportunities, sense and respond to changing market dynamics and more profitably manage their complex global businesses. The Logility® Digital Supply Chain Platform leverages an innovative blend of artificial intelligence [AI] and advanced analytics to automate planning, accelerate cycle times, increase precision, improve operating performance, break down business silos and deliver greater visibility. Logility is a wholly owned subsidiary of American Software, Inc. [NASDAQ: AMSWA].

To learn how Logility can help you make smarter decisions faster, visit www.logility.com.