LOGILITY®

Customer Success Story

Ferguson leverages an S&OP discipline for success

Increased forecast accuracy to 70%

Realigned inventory and increased service levels to 97.5%

Expanded to forecast 99.5% of DC volume on a cost basis

Reduced safety stock

Increased visibility across supply chain network

✻ FERGUSON®

Facts
Industry
Wholesale Distribution

Headquarters
Newport News, VA

Sales
$20.8B

Challenge

As the leading supplier of construction-related products and services in North America, Ferguson needed an agile supply chain platform to increase visibility and right size inventory while ensuring high service rates shorter lead times across a broad product portfolio.

Profile
Ferguson is the largest wholesale distributor of residential and commercial plumbing supplies and pipe, valves and fittings in the U.S. It is also a major distributor of HVAC equipment, fire protection systems, waterworks and industrial products and services.

Logility Digital Supply Chain Platform

Logility helped Ferguson transition from a purchasing-driven culture to a demand-driven one.

"Since going live with Logility, we're most proud of the improved service levels and inventory positions through a period of significant growth."

Chris Reed, Director of Inventory and Data Management - Ferguson

Founded in 1953, Ferguson is now the largest wholesale distributor of residential and commercial plumbing supplies and pipe, valves and fittings in the U.S. With more than 23,000 associates, Ferguson serves customers in all 50 states, Puerto Rico, Mexico and the Caribbean through more than 1,400 retail locations.

Planning for a Complex Supply Chain

Ferguson operates a complex supply chain to support a very diverse customer base from small businesses, tradesmen and plumbers, to large construction companies, contractors, industrial and commercial operations. With such a diverse customer base comes an equally diverse set of customer needs, which adds to the complexity when managing the supply chain. As an example, Ferguson has very specific regional differentiations. To support its customers effectively, the company manages its supply chain at a local level, but has the ability to optimize processes at a national level for maximum efficiency.

"Overall Logility has helped us gain greater visibility across our supply chain network and become more proactive."

Chris Reed
Director of Inventory and Data Management
Ferguson

Ferguson strives to drive the best price and quality for its customers, while at the same time, offer a wide variety of products specific to their customers' needs and services. "It's a paradox," said Chris Reed, director of inventory and data management at Ferguson. "There's a lot of competing interest between efficiency, resiliency and complexity, and Logility has helped us find ways to be more sophisticated and effective in our supply chain planning efforts."

Leveraging Planning for Success

Ferguson started its journey towards robust sales and operations planning [S&OP] at the distribution center [DC] level to better serve specific markets. With 10 DCs, totaling seven million square feet of storage and containing more than 105,000 unique products [some fast-movers and some slow-movers], the scale provided Ferguson an excellent starting point to build its planning discipline.

Logility Demand Planning™
provides visibility across Ferguson's supply chain network to increase forecast accuracy and right-size inventory levels.

Logility Inventory Planning™
allows Ferguson to improve inventory performance and customer support through demand and inventory plan alignment.

Logility Replenishment Planning™
isolates and manages inventory and service performance at a product specific level to support both mature and new product and programs.

Logility Supply Planning™
Ferguson to manage the inflow of product inventory to maintain a consistent service level and inventory performance across the planning horizons.

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
- Improve sourcing and production of private-labeled and branded products
- Reduce out-of-stocks

The regional differentiations at an item-by-warehouse level added up to more than 830,000 different combinations of products. Ferguson has positioned warehouses in almost every major market so these facilities can support same day and next day service to customers, or to branches or market hubs. By doing so, service levels [which are measured as on time and full] to branches are now at 96% and ultimately 97.5% to its customers.

For Ferguson, the spring and fall are transitional periods in terms of inventory. Generally, construction starts in the spring and shuts down rapidly by the end of October, especially in the North. This type of seasonality can create a service issue or an inventory issue in the beginning of the year, just before spring or at the end of the year. "Logility has enabled us to manage the flow of products into inventory and keep service levels consistent throughout the year," said Reed.

Private-label offerings and promotions add another layer of complexity to Ferguson's planning process. With Logility, Ferguson is able to model, manage and simulate its supply chain in a way not previously possible. Doing so has given the company the ability to greatly expand its different promotion opportunities and new products plus implement new supply chain initiatives. "We've seen results and success across different areas by building an S&OP discipline and using Logility to drive it," Reed said.

Rapid Response

Rapid response has proven to be a game changer for Ferguson. The company is now able to execute adjustments and changes as they occur, which is having a huge impact on the company's ability to plan for future growth. "The ability to update the demand plan and the forecasts for the business immediately, and not have to wait for the next monthly cycle, has been a real win for us," said Reed.

Ferguson has also opened two new distribution centers in Ohio and upstate New York. Using the demand data in Logility, Ferguson quickly calculated the necessary product inventory required to support the service area of each new distribution center and make the appropriate realignment reductions to apply to the distribution centers that formerly supported these areas. "Overall Logility has helped us gain greater visibility across our supply chain network and become more proactive," concluded Reed.

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.