

Sterling Order Management is the order hub for Crocs, improving operational efficiency and customer experience



Crocs, Inc.

Location

Niwot, Colorado

Industry

Manufacturing and Retail

Business challenge

Improve the customer experience and drive order efficiencies throughout the company

Solution

IBM® Sterling Order Management

Benefits

- All inventory is now planned and reserved by channel
- The fill rate on Internet orders is nearly 100%, an improvement of 10-13%
- Able to provide robust sourcing and scheduling ability, extensive use of inventory reservations and unconstrained Internet Forecast Reservations

Customer background

Crocs, Inc. designs, develops, and manufactures footwear for men, women and children worldwide from specialty resins. They operate a manufacturing facility in Mexico, and have distribution centers worldwide, selling to 3rd party retailers that range from Nordstrom and The Sports Authority to mom and pop shoe stores. They also have approximately 420 of their own stores and kiosks as well as nearly a dozen Internet sites operating globally.

Business challenge

Crocs had been relying on a heavily customized ERP system to process orders from their customers. The system required manual processes to manage orders, resulting in lengthy response times, with inaccurate information. There was growing dissatisfaction within the wholesale channel due to poor order accuracy. Without an order management system in place, they were not able to promise availability and then deliver on that promise. Crocs decided that in order

to remain successful in a down market, they needed an order management solution to improve the customer experience and drive order efficiencies throughout the company.

Three distinct channels service Crocs' customers out of one supply chain: Internet, retail and wholesale. Crocs did not have a comprehensive view or a way to control the inventory among the three channels. Their mechanism to reserve inventory for orders only occurred once an order was in hand. Crocs identified three primary objectives they needed from an order management solution:

- Ability to reserve inventory outside of a hard order
- Have an accurate and near real-time "available to promise" number that did not live on spreadsheets and whiteboards
- Have a configurable, rules based system that could be changed depending on their global business needs and across industries for market opportunities

“Sterling Order Management is doing exactly what Crocs needed it to do, with an expected return on investment within 12 months of implementation. Sterling Commerce has delivered as promised the best of breed strategy with expertise and guidance throughout the process.”

Brian Horsman
Crocs, Inc.

Crocs needed a system that could handle a wide range of orders. They were dealing with three different channels all with different volumes and characteristics. Their Internet channel averaged 3,000 orders per day with 3 lines per order. Retail had monthly activity doing seasonal new product replenishments at 200 lines. All lines were scheduled out due to seasonality and had to be answered all at once. Wholesale business would have 2,500 line orders for seasonal pre-bookings placed several months ahead of delivery windows, plus up to 50 line orders placed within season. Crocs recognized the need to lower costs and improve business processes, improve sales efficiency and improve customer satisfaction with better access to inventory information.

Solution

Crocs performed a comprehensive workshop to fully understand the business issues and processes, and chose Sterling Commerce for their order management needs, partially because Sterling Commerce solutions were the best technology to address their objectives. Sterling Order Management offered Crocs best of breed strategy with the promise of expertise and guidance throughout the process.

Sterling Order Management is now the order hub for Crocs. After 7 months of effort from discovery to go-live, Crocs went live in their North American region. The solution had to be implemented for their three channels throughout four regions: North America, Asia, South America and Europe. Crocs now has a common pool of inventory for all regions and channels. There is an inventory reservation requirement for each channel, scaling up or down the capacity as needed. When an order is received at Crocs, it is entered in as a draft, and then sent to Sterling Order Management for sourcing and scheduling.

Key benefits

Sterling Order Management is doing exactly what Crocs needed it to do, with an expected return on investment within 12 months of implementation. Sterling Commerce has delivered, as promised,

best of breed strategy with expertise and guidance throughout the process. The three objectives that were set out at the beginning of the project have been met.

All inventory is now planned and reserved by channel. Each channel is now measured on order volume and the amount of inventory on reserve. The channels own the inventory that has been reserved for them.

The fill rate on Internet orders is nearly 100%. Prior to Sterling Order Management, they had a line cancel rate of 10-13%, on e-commerce orders due to lack of visibility of inventory. They no longer have this issue due to accurate “available to promise” numbers. Orders are now pulled from the warehouse from reserved inventory.

The sourcing and scheduling numbers have been met. The retail channel no longer has to be concerned about where their inventory will come from because Sterling Order Management now makes the decision on inventory sourcing. The wholesale channel is no longer sitting on orders for 5 days trying to figure out where to get the inventory from since the Sterling Order Management system does it for them. Crocs now has the capability to provide robust sourcing and scheduling ability with extensive use of inventory reservations and unconstrained Internet Forecast Reservations.

About Sterling Commerce

Sterling Commerce, an IBM® Company, helps organizations worldwide increase business agility in their dynamic business network through innovative solutions for selling and fulfillment and for seamless and secure integration with customers, partners and suppliers. More information can be found at www.sterlingcommerce.com.

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