



Retail

## Cabela's

Customer Success Story

### Facts at a glance:

Headquarters:	Sidney, Nebraska
Distribution centers:	3
Size of distribution centers:	More than 2 million square feet
Platform:	IBM System i
Number of SKUs:	300,000
Volume throughput:	Variable according to season
Manhattan Associates solutions:	Warehouse Management, Replenishment, Assortment Planning, Performance Management

**"Manhattan Associates' solutions have been a key part of our supply chain success, helping us handle the unique complexities driven by demanding multi-channel components."**

**Angelo P. Sakis**  
Vice President of Inventory  
Planning & Purchasing  
Cabela's



# Cabela's outfits the outdoor lifestyle with multi-channel supply chain solution

## The Challenge

Headquartered in Sidney, Nebraska, Cabela's® is the largest direct marketer in the United States and is a leading specialty retailer of hunting, fishing, camping and related outdoor merchandise. Since its founding in 1961, Cabela's has grown from a kitchen table-based fly fishing business to become one of the best-known outdoor recreation brands, long recognized as the World's Foremost Outfitter®.

Recognizing that Cabela's core values focus on its customers, a *BusinessWeek* special report ranked the company 15th among the top 25 Customer Service Champs in the U.S. Cabela's knows firsthand that providing outstanding customer service pays. Just last year, the company's sales broke the \$2 billion ceiling.

Don't assume that 2006 was just a good year for Cabela's. With a distinctive selection of high-quality outdoor products and competitive pricing, the retailer has more than doubled sales volume in the last five years. It's the strength of Cabela's multi-channel approach that has fueled this upward growth spiral.

Cabela's product offering is unrivaled in the industry—customers can choose from basic binoculars for \$50 all the way up to a top-of-the-line night vision pair for \$5,799.99! The company markets its merchandise through its world-famous catalog business, which includes more than 76 different catalogs with a circulation of more than 120 million. Its successful Internet business, [cabelas.com](http://cabelas.com), received high marks in a Cisco Systems benchmark for "best shopping experience."

The company's retail division has 20 popular destination stores averaging 170,000 square feet with more than 40 million visitors per year. Cabela's operations are housed in three distribution centers (DCs), which provide more than 2,000,000 square feet of space, and house 300,000 SKUs from over 5,000 vendors.

The company's successful catalogs, combined with the recent expansion to a network of retail stores and the appeal of a stellar online experience at [cabelas.com](http://cabelas.com), have produced record-setting annual results. When channel diversification meets tremendous growth, the result is one complex supply chain.

With a long history in the direct sales channel, Cabela's systems and processes were based on this business model. Once the company opened its retail doors, operations and the associated infrastructure became much more complex. With a manually intensive operation and an increasing number of locations, Cabela's could no longer keep track of inventory or make accurate projections.

"Our retail stores had more inventory than needed, and the inventory was out of sync with sales," said James Landsman, project manager for Cabela's multi-channel transformation. Combined with an exponential rise in data volume, the company faced an urgent enterprise-wide need for an update to support its multi-channel business model. Cabela's decided to replace its high-maintenance custom applications with scalable solutions capable of handling even more expansion.

### The Solution

Cabela's multi-channel strategy requires efficient and optimal utilization of people, systems and operating capital to meet the increasingly complex requirements of its diversified customer base—individuals whose preferences vary by geographic region, sporting season and skill level. Being able to accurately forecast, purchase and place inventory well in advance of demand is essential at Cabela's.

To support its multi-channel strategy, Cabela's selected the Warehouse Management, Replenishment and Assortment Planning solutions from Manhattan Associates. This combination of solutions enables the company to integrate business processes and supporting technologies, centralizing common functions while accommodating the unique attributes and demands of each individual sales channel. Centralizing common functions while honoring the diversity of its channels allows Cabela's to leverage its DCs strategically, while meeting customer expectations and achieving sustainable competitive advantage.

Warehouse Management tackles one of Cabela's key challenges: managing retail restock and directing fulfillment out of the same DC. Using this solution, the company can determine precisely the optimal balance between warehouse efficiency and service level management. Replenishment's inventory optimization capabilities allow Cabela's to manage forecasting and replenishment across the company's multi-channel distribution network. Using Assortment Planning, Cabela's tailors master assortments to each channel using channel-specific attributes and metrics (only deployed for retail).

### The Implementation

The biggest hurdle for Cabela's implementation was change management. "How do you take a group of people who have built a very successful process, and transition them to something totally new? You can imagine how panicked everyone got when we said we were taking away 30% of inventory," commented Landsman.

Cabela's credits a number of factors for its implementation success. First, the project was treated as a business initiative and not as an IT initiative. Before making any changes, the company evaluated processes and closed organizational gaps.

"We used the best practices that were most applicable to our business when we launched our change management efforts," Landsman explained. "Objective partners were not wedded to past ways of working, and the team gained buy-in from company leadership to ensure the right investment priorities and an appropriate project sequence. When you put it all together, it is about driving improvement—both in customer satisfaction and the bottom line."

The Warehouse Management solution was implemented in Cabela's three DCs, two return centers and 20 stores. Warehouse Management enables Cabela's to more efficiently manage multiple waving, inventory integration with other systems through Primary Inventory Transactions (PIX), cartonization, rate shopping and cross-docking.

The implementation of Replenishment was initially focused on the DC-to-store channel and was then integrated into Cabela's catalog and Internet channels by streamlining vendor-to-DC and vendor-to-store replenishment processes. Replenishment calculates due orders every day in response to actual sales and inventory changes. Each SKU is forecast weekly for a rolling 52 weeks, while order projections are provided to the DCs and vendors. Additional capabilities include system-generated seasonal profiles, demand alerts, purchase order alerts, order frequency optimization, and integration with space planning.

Cabela's operates across two to four major seasons per year, depending on the merchandise category. In addition, the operation supports micro seasons for the various hunting and fishing seasons that vary by state. Because Cabela's stores span the country from coast to coast and from north to south, assortment differences must be managed regionally. Assortment Planning enables Cabela's to build and maintain the right mix of products for its customers in every channel and category. After all, Cabela's customers in Buda, Texas, don't ice fish very often!

### The Benefits

Cabela's implementation of Manhattan Associates' solutions spans three key functions: preseason planning and purchasing; in-season fulfillment and restocking; and postseason assessment and preparation for the next season. The integration of these solutions has allowed Cabela's to maintain its high customer service standards and to improve operational efficiency, while meeting or exceeding the benefits projected for the integrated system.

"It is a monumental task to plan and forecast the inventory needed to keep our distribution centers and stores appropriately stocked.

Optimizing our supply chain translates into greater savings and unparalleled service for our customers," said Angelo Sakis, vice president of inventory planning and purchasing for Cabela's.

Warehouse Management is used in Cabela's retail stores to keep track of inventory location—floor or back room—and to replenish stock on the floor as sales occur. "Before we used Warehouse Management to manage store inventory, we had difficulty keeping the floor stocked. Our previous system didn't distinguish between inventory on the floor and inventory in the back room," explained Landsman. "Floor restock was dependent on employees walking the floor and then finding the inventory in the back room. Today, we run lean-time replenishment several times a day to restock the floor. The POS system, the JDA system and Manhattan Associates' Warehouse Management are integrated to provide near-real-time inventory updates. Store associates have access to Warehouse Management so they can locate inventory easily and better serve our customers."

Cabela's also uses Warehouse Management to manage receiving, returns and return-to-vendor (RTV) processes at the stores. These retail restock capabilities minimize in-store handling by allowing in-store personnel to preprocess inventory, optimizing in-store put-away by sorting picks by department, and optimizing pick efficiency by combining store orders. Warehouse Management cartonization allows Cabela's to combine orders into the minimum number of packages, reducing freight costs. With the rate shopping login in Warehouse Management, Cabela's can choose the most appropriate carrier depending on the service level the customer specified.

Since implementing Replenishment, Cabela's has experienced a significant increase in floor fixtures filled, without creating significant inventory in the back room. The solution manages large volumes of orders and calculations—approximately 5,000,000 SKU/store combinations. The scalability provided by Manhattan

Associates' supply chain solutions enable Cabela's to manage aggressive growth today and will successfully accommodate future growth.

Weekend sales at Cabela's frequently exceed what can be stocked on the floor. Most stores have an attached back room/warehouse to support weekend demand. Replenishment enables Cabela's to keep each of its stores in stock. It also provides an order projection to the DCs for a rolling 90 days, allowing them to better plan labor and truck schedules.

Cabela's views Assortment Planning as a key enabler to the efficiencies it expects to achieve in other systems, since a good assortment will drive improvement in sales, inventory investment and supply chain efficiency. Cabela's combines 100,000 to 120,000 SKUs per store at least three times a year, making efficient processes and an advanced assortment planning solution essential.

### The Future

The seamless operation of the Warehouse Management, Replenishment and Assortment Planning solutions in a high-volume environment will position Cabela's for continued growth across its multi-channel strategy. Experts estimate that Cabela's will grow at least 50% and possibly as much 100% in the next five years.

Cabela's will continue to leverage Manhattan Associates' solutions to optimize inventory and service levels, improve efficiency of planning and replenishment processes, and support the growth of all of its business channels, starting with the retail division. With eight additional stores scheduled to open in 2007, Cabela's aggressive growth plans for its retail division will guarantee the company's continuing success in outfitting customers for the great outdoors.

No matter what the season, the combination of Cabela's and Manhattan Associates is a partnership of two leaders dedicated to ongoing innovation.