



## I.T. Toolkit | by Joseph O'Reilly

### When Just Enough Goes All the Way

**T**echnology implementations are always fraught with uncertainty. There are stretched budgets and tight deadlines; integration and business continuity concerns. Comprehensive due diligence and a motivation for change predicate successful deployments.

For Design Within Reach, a Stamford, Conn., furniture and furnishings retailer, change was a constant. With new ownership coming on board, a new CEO in December 2009, and a location transition in December 2010, the company was headed in a new direction.

After recognizing that it needed a better system for managing inventory, the company began looking for a new demand-planning solution. The writing was on the warehouse wall.

"We stock 5,000 different furniture SKUs, coming from 12 countries," says James Mazzanti, chief information officer at Design Within Reach. "Each product has a unique lead time—and furniture is traditionally long—so any type of purchasing error has a big impact."

The company had previously been

using a tried-and-true set of Excel-based rules for inventory planning. But the sheer volume of information that it was collecting warranted moving toward a best-of-breed solution to handle increasing complexity.

#### **DEMAND-DRIVEN DESIGNS**

Design Within Reach started out in 1999 as a catalog and e-commerce channel that matched furniture supply to demand. Founder Rob Forbes envisioned a business that allowed customers to appreciate the functionality and aesthetics of talented artisans who largely flew under the radar. His objective was to make "design within reach."

Today, Design Within Reach sells a 50/50 mix of stock and custom furniture products via its catalog business, online site, and from hybrid retail/

In the midst of organizational change, furniture retailer Design Within Reach upgrades its demand forecasting and replenishment system to better control inventory.



studios. The company keeps some product in inventory; and drop-ships other items from vendor partners directly to customers.

### **PARTNERED FOR PROGRESS**

When the furniture company began exploring potential technology partners as part of its organizational makeover, it was referred to JustEnough Software.

The Newport Beach, Calif.-based company's technology is engineered around helping users forecast demand and manage inventory, with a number of top-shelf brands including Restoration Hardware, Kenneth Cole, Levi Strauss, Kraft Foods, and Nissan using its products.

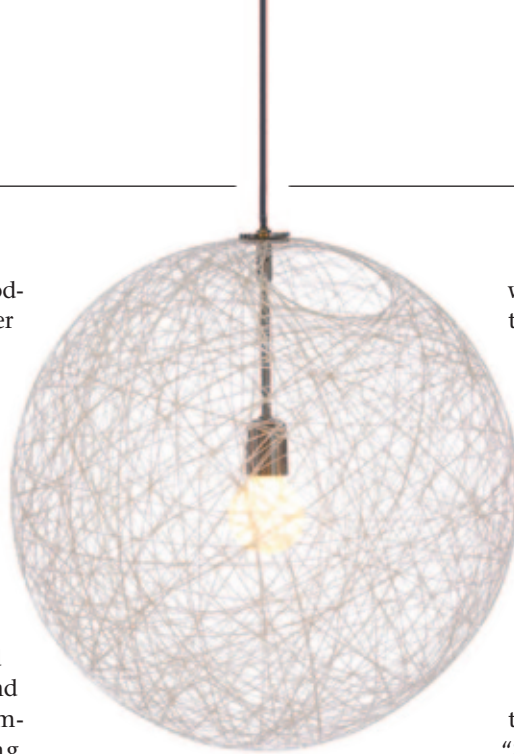
JustEnough has created a demand management solution suite that enables retailers to plan better assortments, allocate products to optimal retail locations, and replenish inventory more accurately. The objective is to help retailers increase sales, eliminate stock-outs, and drive down inventory costs. It found a welcome ear in Design Within Reach.

"We found a customer that was motivated for change," says Greg Marmulak, vice president of professional services for JustEnough. "Design Within Reach team members wanted to embrace new software and business practices. It wasn't just forced on them."

Most prospective customers that come to JustEnough want visibility and a common platform to build business processes from. "Excel is our leading competitor—it's the duct tape of planning," adds Marmulak. "We often find companies using Excel-based tools comprised of disjointed Excel spreadsheets. We come in and automate it all."

Design Within Reach was no different. It needed a better means to forecast demand, automate entry flows, manage stock, and make better purchasing decisions. It spent too much time trying to capture demand signals rather than analyzing that data and making recommendations on how to scale inventory upstream in the supply chain.

With business largely tied to sales and



**JustEnough's software suite helps furniture retailer Design Within Reach see the light when it comes to demand and inventory management planning.**

marketing promotions, Design Within Reach had every incentive to create a common platform that different functions within the organization could use more collaboratively.

### **CONSISTENCY THROUGH FLUX**

Design Within Reach rolled out the full complement of JustEnough's demand forecasting and replenishment solution in March 2010, and was up and running in 12 weeks.

"Some of the technologies we were looking at were just too overwhelming," says Mazzanti. "JustEnough presented a logical and straightforward solution. Its people came in and hand-wrote the workflow on a whiteboard. They educated us on the process, made it intuitive, and raised the bar in terms of how the planning team works."

There were two phases to the installation. The first part consisted of having users demonstrate the system. JustEnough then worked in parallel with Design Within Reach for two months to make sure the integration went smoothly and that staffers were properly trained on how to use the system.

"It was a very engaging process, really a cultural fit. It wasn't just about the software," Mazzanti says.

More telling, Design Within Reach

was in the middle of an organizational transition with new ownership and capital infusion. The company went live with the implementation, relocated its headquarters, brought on a new team, then trained that staff on the system.

Kevin Vogl, vice president of inventory planning and logistics at Design Within Reach, was part of the new leadership. He initially harbored some reservations about the technology.

"I'm not a big fan of off-the-shelf solutions. Nothing is perfect," Vogl says. "So when I came on board, I was a little skeptical.

"But, in two weeks I embraced the system. Instead of formatting reports, we were doing analysis. The previous team wrote the operating manual and we were able to pick that up and run with it," he adds.

### **GETTING UP TO SPEED**

Design Within Reach chose to install the full application on-site rather than deploy the hosted option—largely because of the proprietary information it was collecting. JustEnough's retail planning solution features three different modules—merchandise and assortment planning, markdown planning, and allocation and replenishment—that are generally phased in.

"The modules can be cohesive and dependent on each other, or they can be broken out per user need. The solution is very flexible," says Marmulak.

Beyond that, JustEnough helped Design Within Reach by acting as a supply chain planning consultant—in effect implementing best practices and collaborating on decisions to improve business processes. In turn, there have been qualitative benefits such as better visibility to demand and inventory requirements. From a benchmarking perspective, Design Within Reach gained quantitative value simply by being able to gather and analyze historical data.

Since JustEnough's solution went live in summer 2010, Design Within Reach has created a measure of consistency

in its inventory management operations. Understanding demand trends, and replenishing against more accurate order data, enables the furniture retailer to increase turns and carry less inventory. It's no longer a matter of collecting information. The emphasis now is on analyzing this data flow and making educated decisions.

"Accessing five or six different Excel spreadsheets, and consolidating and simplifying views, allows for more complicated analysis," says Vogl. "If I want to know something, the data is there. It's customizable to the individual. All users, across the enterprise, have their own custom views and filters."

The solution also empowers departments to become more proactive in how they leverage this common data stream.

"Our business is highly promotions-driven and we maintain an active calendar," says Mazzanti. "When products drop off, we replace them with a different vendor. We link historical sales to a new product. And we share that information with different people

in the organization."

For example, Design Within Reach's merchandising department has visibility to how well a certain product is selling, and can then align sales promotions accordingly. "It's very infectious," he adds.

Less than one year into the integration, Design Within Reach began reaping the full potential of greater demand-driven empowerment. There is still a learning curve, and collaboration is building, but the company is looking at its business in a much different way—as are its partners.

"We can deliver performance data to vendors and let them know what's selling," says Vogl. "It allows them to make proactive decisions."

The ability to give vendors projections is key. They may not buy on that, but Design Within Reach can tell them what's selling, which is a start. In the future, the company may be able to start evaluating vendors on their ability to supply inventory faster in a lean supply chain.

Opportunities to streamline business processes and transportation and logistics operations continue to materialize as the technology integrates further.

In terms of freight transportation on the import side, this level of granular data can help Design Within Reach max-load containers.

"There is also a major opportunity with domestic routing and longer lead times," explains Vogl. "If we have vendors in Maine and New Hampshire, we can consolidate loads, marry lead times, and ship full truckloads instead of LTL from New England to the Midwest."

Because furniture is a high price-point industry, inventory accuracy is at a premium. Every buy counts. Longer lead times mean significant dollars are tied up during transport. When mistakes happen, they are costly.

With more than enough information to accurately align inventory needs with demand patterns, Design Within Reach is finding increased efficiencies and economies within the organization and among external suppliers. ■



Design Within Reach markets and sells its modern furniture and accessories through retail studios in the United States and Canada.

**To learn more about JustEnough Software, visit [www.justenough.com](http://www.justenough.com)**