

# Ashley Furniture

## Gains Greater Inventory Control

**“Last year, we had a 27% increase in sales with just a 3.9% increase in inventory.”**

**Chris Emerson**  
**Director of Supply Chain Planning**  
**Ashley Furniture**



Inventory is money in a box to leading furniture manufacturer Ashley Furniture Industries Inc. The faster Ashley ships products to its retailers, the sooner it makes money.

That's not an easy task when sales volume is growing 20-30 percent each year, and the number of individual products has doubled the last 10 years. Ashley quickly realized that spreadsheets had limitations—they couldn't separate high sellers from low sellers, easily adapt to changes in demand, or distinguish replenishment needs between peak and off seasons. The result: unnecessary inventory.

### An integrated planning decision

Ashley selected Logility Voyager Solutions because of the comprehensive integration between forecasting, inventory planning and replenishment planning. "If we selected a solution that only had forecasting, we would still have to separately address customer service targets, safety stocks and replenishment planning," said Chris Emerson, Ashley's Director of Supply Chain Planning. "Logility could do it all."

Logility Voyager Solutions now form the backbone of Ashley's inventory management and forecasting system, linking Ashley's headquarters and manufacturing facility in Arcadia with its six U.S. distribution centers to track makes, buys, and transfers. Logility lets Ashley guarantee the availability of its top-sellers and new products, which are in greatest demand by the company's 9,000 retail customers. In a given week, Ashley ships more than 250,000 pieces per week from its distribution centers, and customers normally order no more than two weeks in advance.

Logility Voyager Demand Planning lets Ashley forecast product demand using point-of-sale data, customer orders, and market forecasts. It's integrated with Logility Voyager Inventory Planning, which balances inventory levels with customer service requirements, and Logility Voyager Replenishment Planning, which adjusts manufacturing and

inventory processes as changes occur in product demand. "Accurately predicting demand for our products throughout the year goes a long way toward controlling Ashley's overall inventory levels," Emerson says.

### Right place, right time inventory

Ashley Furniture currently makes more than 4,000 products and has expanded its brands well beyond furniture. Approximately 53 percent of its products are new each year, and developing initial product forecasts is challenging. "We must have the right inventory at the right place at the right time for product introductions," Emerson explains. "But at the same time, we have to constantly consider discontinued products into our plans, too."

### Quick payback, continuous results

**Ashley implemented the Logility Voyager Solutions in under twelve months, and the system completely paid for itself in one year.** Ashley's inventory shrank to three million units beneath its goal, even as the company's SKUs continued to grow. "With Logility, we've **increased raw material turns by 24.5 times, improved level 2 forecast accuracy by 196%** and experienced a **30 percent reduction in lead time,**" Emerson states.

Logility Voyager Solutions let forecasters see how much product is shipped each week and measure how often new products and top-sellers are out of stock. Ashley can now look at its planned inventory on a daily basis and assign a dollar value on both excess and out-of-stock inventory.

Logility has also positively impacted customer service, as Ashley is now able to accurately forecast its demand, inventory, and replenishment needs based on a 97 percent service level. "We've made tremendous improvements with Logility," Emerson summarizes. "Last year, we had a 27% increase in sales with just a 3.9% increase in inventory."



Learn how  
**Logility Voyager Solutions**  
 can help your company  
 achieve success  
**1-800-762-5207**  
**www.logility.com**

## A Closer Look at Ashley Furniture

### Facts

**Industry:** Furniture

**Headquarters:** Arcadia, Wisconsin

**Profile:** Ashley Furniture is the third largest home furniture manufacturing company providing case goods, mattresses, upholstered goods and home accessories that are sold by 9,000 retailers.

### Problem

In the midst of rapid sales growth and product line expansion, Ashley Furniture needed a better way to forecast sales demand and optimize inventory investments.

### Logility Solution

**Logility Voyager Solutions™** help Ashley Furniture improve the accuracy of its forecasts and generate sales forecasts for more than 4,000 products—tracking product demand, availability and shipments. With Logility, Ashley can optimize inventory levels and provide superior customer service with guaranteed shipments to its retailers.

### Bottom Line Benefits

- Increased sales in 2002 by 27% with only a 3.9% increase in inventory
- Increased raw material turns by 24.5%
- Improved Level 2 forecast accuracy by 196%
- Decreased inventory by more than 30%, while the company's SKUs continue to grow
- Reduced lead time 30% while delivering improved customer service
- Achieved greater product availability