Stage Stores to install Voice Picking and new TMS as it expands its Omni-Channel business

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GOUGH GRUBBS
senior vice president of distribution and logistics

Stage Stores is the country's leading small-town retailer, with 65 percent of stores and 59 percent of sales in towns with populations below 50,000, which are underserved markets with limited competition. It differentiates itself from the competition in small and mid-sized communities by offering consumers access to both basic and fashionable brand-name merchandise not typically carried by other retailers in the same area.

Stage Stores is a Houston-based retailer that operates more than 850 department stores in 40 states under the Bealls, Goody's, Palais Royal, Peebles and Stage brands. These stores are supported by three highly automated distribution centers, located in Texas, Ohio and Virginia. Stage Stores adopts a brand-focused merchandise marketing strategy to support each store's position as the local destination for basic and fashionable, moderately priced, brand-name merchandise. Stage just completed its fourth year of offering merchandise online to supplement its small-town, brick-and-mortar presence.

Stage Distribution has three major projects to focus on in 2015:

+ Expand the Omni-Channel portion of the business;
+ Implement voice-picking technology to help facilitate the growing ecommerce business; and
+ Install a new transportation management system (TMS) to improve freight efficiencies and reporting.

> *"The steps we're undertaking to re-engineer and further automate our supply chain will play a significant role in helping us to maintain our competitive advantage."*

Omni-Channel does not have a one-size-fits-all solution. "One of the hot topics being circulated in omni-channel conferences across the country and in trade magazines is 'fulfill from stores' to improve service," says Gough Grubbs, senior vice president of distribution and logistics with Stage Stores.

While that seems totally logical and works well for some, it comes with some serious caveats:

+ Do the stores have the space to designate to efficient workstations for packing/ shipping? Can the store flex its staff enough to accommodate spikes in workloads without totally depleting the staff on the sales floor?
+ How many packages per day will each location ship and what will that do to the freight rate?
+ What is the average number of pieces per customer order?
+ Is there enough "depth" of inventory in each store to fulfill the entire order? Or will the order require shipping part of it from another location?
+ Does the aggregate amount of inventory required to stock multiple stores for fulfillment exceed what would have been required to fulfill from a central location?

Stage Stores would like 80 percent of the units sold online to be shipped from its distribution center by this year's holiday season.

There is no argument that customers are becoming more demanding of quick fulfillment and reduced transit time to delivery. But the price to do it from multiple stores could be much higher than anyone anticipates, so Stage Stores proceeds with caution. For all the reasons outlined above, Grubbs reports that Stage Stores is for now increasing the centralizing of ecommerce fulfillment from a single distribution center in order to:

+ Minimize split-shipments;
+ Reduce freight costs;
+ Increase picking and packing efficiencies; and

+ Cross-train operators for flexing staff from other parts of the distribution center to accommodate spikes in the business.

In 2014, only 25 percent of the units sold via online were shipped from the distribution center. The target is to ramp up the distribution center portion to 80 percent by the holiday season.

Voice Picking

Part of that effort has justified the installation of voice-picking technology to enhance speed and accuracy. Speech Interface Design was selected to process-optimize and then integrate the Vocollect Voice software and hardware that directs the person picking the order via a verbal instruction through a headset instead of reading printed paper pick orders or a display on a wrist-mounted wireless mobile computer.

This minimizes the use of paper, eliminates the print-ing and manual order-batching functions and speeds up the picking process by immediately directing the order picker to the next location. The accuracy of the item picked is confirmed by either speaking a check-digit or scanning the item barcode. Voice will immediately optimize picking and be adapted to potential process changes or new requirement in the future. The next step will be to automate the consolidation of multi-piece orders.

Another facet of the shift from store fulfillment to distribution center fulfillment is increasing the number of SKUs available at the distribution center. In order to grow the SKU base from under 50,000 SKUs to a projected 185,000 SKUs will require not only additional rack space, but a strategy for locating the product for the most cost-effective picking.

Centralizing fulfillment also presents the opportunity to consider regional carriers as an alternative to the normal UPS/FedEx final-mile delivery options. Regional carriers are expanding their delivery zones farther outside the metropolitan areas. The key is to achieve the volume benchmarks required to make them a cost-effective alternative.

TMS Upgrade

To meet the challenges of achieving its growth projections, Stage Stores needed to address the staggering inbound logistics involved in accommodating tens of thousands of shipments from the numerous suppliers that serve its supply chain. With freight costs across all modes continuing to be a major profitability component, Stage Stores – like increasing numbers of organizations – is awakening to the significant cost-saving and efficiency-improving benefits that come with automating transportation and inbound logistics processes using transportation management system (TMS) technology.

Stage Stores recently selected burgeoning TMS solution provider UltraShipTMS to implement its cloud-based TMS solution with its integrated transportation optimizer tool. The Ultra suite of automation tools was selected for its proven success in helping shippers drive improved visibility of shipments en-route, providing real-time status updates on estimated delivery dates, and robust reporting designed to improve mode mix and route/lane costs.

Ultra's LoadFusion Optimizer is being deployed to improve load optimization, identify optimal routing and improve dock scheduling, ensuring the most efficient

dock door utilization. The financial processing and reporting features of UltraShipTMS also drive spend visibility and auditability by improving control over month-end accounting, fuel surcharges and assessorial charges.

Grubbs reports that the TMS solution is expected to go live in the second quarter.

"All together, the steps we're undertaking to re-engineer and further automate our supply chain management processes will play a significant role in helping us to maintain our competitive advantage and increase the profitability of our growing company," Grubbs explains. ✸

Stage Stores is shifting from store fulfillment to distribution center fulfillment by increasing the number of SKUs available at its distribution center.

Inbound logistics poses a particularly complex challenge for logistics IT solutions and it is one of the many areas where **UltraShipTMS** excels. Accommodating the inflow of thousands of SKUs from hundreds of suppliers to Stage Stores' 850 retail outlets in 40 states is a complex and enormous undertaking. Ultra's cloud-based solution automates and optimizes supply chain logistics driving cost savings and end-to-end visibility helping support Stage Stores' continued growth.