Royce Too **Puts Its Best Foot Forward**

Industry

Apparel Manufacturing

Key Elements

» Premier sock and legwear designer headquartered in Winston-Salem, NC.

» Previous ERP was tailored for retail operations when the company sells only through wholesale channels.

» Increase in volume of goods being shipped once Dickies became a client.

» Exenta ERP sub-identifies customer-specific requirements for items identified by a single universal product code.

» System has upgraded eight times without ever breaking the application-level code written by Royce Too.

» Royce Too was able to handle about 20 percent fewer employees or shorter shifts.

Royce Too—once known as Royce Hosiery, and a major player in the U.S. hosiery market since 1949— has undergone a quiet revolution since being acquired by Japan-based Okamoto Corporation in 2008. Royce designs and sources socks for such leading brands as Dockers, Nautica, Saucony and Dickies, and ships products to department stores, national chains, and other retailers. By the time it became part of Okamoto, the company had already outsourced its manufacturing, but it still ran two distribution centers in Martinsburg, W. Va.—the same town where its hosiery mills were once located—and oversaw operations from its headquarters in the Empire State Building.

The Situation

In 2009, when Larry Warehime joined the company as vice president of information technology, he found a systems division struggling with software that didn't meet the company's needs. The most serious lack was in the enterprise resource planning (ERP) system, which was tailored for retail operations, though Royce Too sells only through wholesale channels.

"We made a decision to change the ERP system back to an apparel-based system," Warehime says, "and we looked at several of those, but we're a hosiery company, and even apparel systems couldn't handle hosiery very well." Vital information for hosiery companies—such as how many pairs constitute a retails unit or which color is placed on top of the unit—bears little relevance to most apparel companies, Warehime explains.

During its evaluation, Royce Too discovered Unified Global ERP from Exenta, a New York City-based vendor that focuses on the apparel industry. Because one of Exenta's first clients was another hosiery company, Warehime says, the data-base architecture to handle hosiery-related issues was already in place—and the company had a robust applications suite.

The Exenta suite had one drawback, however. At the time, it did not offer a paperless warehouse management system, which Royce Too already had and did not want to give up. Fortunately, Exenta, unlike many software vendors, permits clients to freely modify its software and add database functionality. "We were intrigued with that." Warehime says, "Collaborating with Exenta, our IT staff, who knew what the requirements were, developed the paperless version of the Exenta Warehouse Management System," which continues to be enhanced today. In the year and a half since the system went live, Exenta has upgraded its engine eight times without ever breaking the application-level code written by Royce Too.

Despite the development work and testing of the warehouse management system and conversion of their data from the previous vendor's format, the total time from contract signing to launch of the complete system was only nine months. "Exenta development tools are easy and fast, and we were able to push the code through quickly," Warehime says, "The rest of it we pretty much used straight out of the box."

A New Distribution Center

As the conversion to Exenta was taking place, Royce Too landed a major new client—Dickies, a leading workwear brand. Because the Dickies license gave the company access to Walmart stores, it resulted in an increase in volume of goods being shipped. Royce Too decided to consolidate its two distribution centers into a 174,000-square-foot facility. The new facility, the Shockey Commerce Center, was also in Martinsburg, where a large labor pool was available due to the presence of many other distribution facilities in the area. In addition to bringing up the new ERP and warehouse management systems, the company had to set up the new facility and re-engineer its data and telephone networks.

"It all came together at once," Warehime says—and, amazingly, it all worked. The old system in the old facility was shut down, and the new system was brought up in the new facility without a hitch. The staff never got to shake down the new system in the new facility because the timing was so close. Still, Royce Too's CEO, Bob Boglioli, told Warehime that out of several ERP launches he had lived through, this was the first with no downtime.

In addition to handling hosiery-specific data, Exenta has many other features that Royce Too values. For example, the system can sub-identify customer-specific requirement for an item identified by a single universal product code. This allows tickets or RFID tags to be tailored to individual customers' requirements, and Royce Too can be certain it isn't shipping the wrong product to the wrong customer. The reporting tool is another advantage. Users and IT staff alike can produce reports quickly and easily.

Electronic data interchange is built natively into Exenta and is now fully automated—a nice change, Warehime says, from the previous system, which required one and a half full-time employees to manage and still resulted in many chargebacks for late advance ship notices.

Paperless Warehouse Management

The new paperless warehouse management system was much superior to the one it replaced, Warehime says. Though the original system considered items in inventory only, the new system also takes account of items in the pipeline. "Based on what the shipping window is, you can match against available inventory or against inbound production," Warehime explains. Because the system is run nightly against new data, cancelled orders and new orders are always taken into account. Warehime notes that "There used to be a full-time person doing this, and there were still lost orders or out-of-stock situations. They were reserving inventory against an order that might not ship for a month."

After each allocation, the system evaluates whether an order can be given to the warehouse—and, if it can, it creates a pick ticket. The system breaks each order into cartons, decides whether to hold or release each carton based on the truck arrival schedule, and then consolidates cartons onto pallets for shipment. All picking is driven through RF guns, which scan product in and out of bins; about the only paper produced is the shipping label for the carton.

In addition to shipping product to stores, the warehouse also performs e-commerce fulfillment for several of Royce Too's customers. The wholesale and direct-to-end-customer processes are so well integrated that pickers don't have to know who the customer is and whether an order is destined for a store or a home. This allows great improvement in efficiency and accuracy.

Under the previous system, Warehime says, associates were trained to pick for specific customers, making it difficult for employees to cover for one another. Now, all the pickers are doing the same job, so coverage is no longer a problem.

Once the warehouse management system was fine-tuned and stabilized, Royce Too was able to handle about 20 percent fewer employees or shorter shifts.

The Exenta database also feeds data into the company's forecasting tool, enabling it to improve forecasts of requirements and lead times. Royce Too is beginning a major initiative to reduce inventory volume and increase its currency, and Warehime says the company is "well on the way to that goal."

A Move to a New Headquarters

In 2011, with its lease in the Empire State Building running out, Royce Too investigated moving its headquarters to North Carolina, where it already had a satellite office. After comparing the cost of doing business in the two places and considering the depth of the talent pool in the area, home to many other major apparel brands, it moved to Winston-Salem in March 2012, leaving only a small sales office in New York City. The IT division lost two or its four staff members in the relocation and hired one new person to replace the two it lost. Warehime says the transition and retraining was challenging, but aided by the fact that Exenta is an easy system to learn.

With these systems upgrades and relocations behind it, Royce Too isn't about to rest on its laurels. The warehouse management system will expand to meet the growing requirement of retailers for RFID tagging. The company is also about to launch a B2B website allowing specialty retailers to enter their orders directly, which will integrate with the Exenta database. Possibly the most ambitious project, which is likely to start next year, is to extract data from the Exenta database into a data warehouse, to be used for business intelligence analysis.

"The nice thing is that, with very small IT staff and the back of Exenta, we can strategically prioritize things and live within the prioritization. We're very comfortable sitting down with management and deciding where to allocate time and resources. We're pretty much aligned with where they think we should be."

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