



Quiksilver

The Leading Outdoor Sports Lifestyle Company Doubles Productivity With HighJump Warehouse Advantage

Quick Facts: Quiksilver

- Two distribution centers totaling 610,000 square feet
- 120,000 active SKUs
- 350 concurrent RF users
- 85 virtual terminals used at pack stations
- Units processed/day: average of 200,000, record high of 427,000
- Shipping to 2,000 different stores
- Inventory changes every three months
- Exports
- 500+ employees using the system

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—Andy Engel,
operations warehouse management system director

Company Profile—Quiksilver

Across the globe, young and “young-minded” people look to Quiksilver for cool clothing and accessories. Quiksilver’s authenticity is evident in its innovative products, events and retail environments. The company’s primary focus is apparel, footwear and accessories for men, women, boys and girls under the Quiksilver, Silver Edition, Fidra, Roxy, DC Shoes, Raisins and Radio Fiji labels. Quiksilver also manufactures snowboards and snowboard boots.

Quiksilver operates two distribution facilities in Southern California and sells products through more than 2,000 surf shops, specialty stores, Quiksilver retail stores, and major department stores worldwide. The company reported \$2.3 billion in sales worldwide for 2006 and continues to grow rapidly.

Challenge

Quiksilver required a more robust warehouse management system (WMS) than it was using to manage the complexities of high-volume retail distribution through multiple channels. It needed a system that could be configured easily to keep pace with shifting requirements. In short, Quiksilver realized that succeeding in the fast-paced, rapidly changing fashion apparel industry meant getting creative about moving products. “We are committed to getting our customers an excellent variety of the very latest high-quality merchandise quickly and cost-effectively,” said Andy Engel, operations warehouse management system director for Quiksilver. “Part of that mission means thinking outside the box when it comes to the supply chain.”

Quiksilver strived to find ways to better handle the supply chain complexities that come with being an industry leader. Generally speaking, the Quiksilver team had to receive hundreds of thousands of different products and ship them accurately and on time to thousands of customers with varying order profiles—all in an industry where inventory changes dramatically from one season to the next.



Solutions

Quiksilver selected HighJump Software based on the strength of the HighJump™ Warehouse Advantage WMS and retail-specific functionality. For Quiksilver, the ability to adapt business processes was a key reason for choosing HighJump Software—a lesson the company had learned with the rigidity of its previous WMS. “Companies need to consider what they want to do not just today, but down the road. One of the things HighJump Software offered was the ability to grow with our business. We’re a very dynamic organization and have a lot of changes in our business practices,” said Ed Shaver, senior vice president of distribution operations for Quiksilver. As Quiksilver extends its solution to new warehouses, adds product lines or takes on new customers, in-house staff can quickly make necessary system changes without disrupting operations.

Quiksilver uses HighJump Warehouse Advantage to control and direct activities such as picking, put-away, inventory control and cycle counting. Quiksilver also showed innovation by tailoring the solution to meet its particular needs. To do so it teamed with HighJump Software and one of its partners, a supply chain services company with expertise in the apparel and retail industries. “We wanted to improve our picking, packing and overall accuracy. We accomplished this in a very short period of time and began to look at how we could further improve these processes and really maximize the investment we put into the HighJump system,” said Andres Castillo, vice president, distribution operations for Quiksilver.

This quest to maximize the investment included configuring replenishment visibility in the system. “Now we know instantly which zones need to be replenished based on the order demand and inventory availability. We’re being a lot more proactive for workers so the product is available to be pulled when they get there to pick it,” they said.

Quiksilver also implemented the HighJump wave planning solution to speed high-volume order fulfillment. This tool allows Quiksilver to carry out a sophisticated “dynamic pull” picking process, which has resulted in faster picking and shipping of large orders to major retailers. “This solution gives us a lot of flexibility setting

priorities so we can get orders out on the floor and processed in the most efficient manner,” Shaver said.

The flexibility of the HighJump system has allowed the distribution management team to explore creative ways to push merchandise through the facilities faster. By designing and implementing a new cross-dock function called “hot pick pack,” Quiksilver marries inbound items with outbound orders, allowing customers to get popular merchandise quickly.



Quiksilver also configured the HighJump system with the assistance of the HighJump Software partner to meet a particular need involving a process called “pack and hold.” With clear visibility into customer orders and shipping times, the HighJump system directs staff to pick, pack and hold until a customer’s shipping window opens. “If many of our customers want orders shipped on the first day of the month, we can’t suddenly pick, pack and ship everything in one day,” Engel said. “The HighJump system allows me to plan outbound shipments with great precision. So we’re set to go when the customer’s shipping window opens, and our product gets to the store right away.”

Quiksilver no longer requires costly physical inventories, thanks to its interleave cycle counting functionality. These processes enable Quiksilver to cycle count each location two to three times a year with no operational interruption. This is in sharp contrast to shutting down the distribution centers for several days and conducting physical inventories.



Results

The interleave cycle counting enables Quiksilver to forego physical inventories, which resulted in more than \$4 million in savings in 2004. Quiksilver previously had to close distribution operations for five to 10 days each year, delaying up to \$10 million in order processing. In addition, Quiksilver now ships twice the number of units each year compared to the two years prior to implementing the HighJump system. The company has generated notable improvements in shipping, receiving and inventory accuracy. “Our picking and packing have more than doubled,” Engel said. “Our capacity to process orders has increased and the timeframe in which we process them has dropped significantly. Before HighJump Software, it may have taken a week to process an order. Now, if an order drops to the floor, we can process it the same day if necessary.”

The company has combined HighJump Software’s robust, retail-specific functionality and system adaptability with the partner’s assistance to meet changing customer demands and achieve low total cost of ownership. “One of the nice things about the application is that if I can visualize a process that I want to change, it’s a very short timeframe from writing the idea on paper to actually seeing it implemented on the floor. I’ve seen other systems that have a more rigid approach to making changes. With those systems, a minor change could take months to implement. We just don’t have months,” Castillo said.

Quiksilver plans to leverage its system further through a seamless interface with material handling automation equipment. The company is forecasting strong growth and the management team is confident that the HighJump system will be able to accommodate this volume. “HighJump Software stands for exceeding expectations,” Shaver said. “We’re looking forward to what’s ahead.”

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