

“The mathematical model helped us to redesign the rack openings, increasing storage.”

Background

American Signature Inc. operates 84 promotional to mid-priced Value City Furniture stores and 18 mid-priced to high-end American Signature Home stores. American Signature Inc. (ASI) is the parent of Value City Furniture and American Signature Home stores. Merchandise includes home furnishings and decorative accessories with sales of over \$750 million.

Challenge

The ASI distribution centers handle all types of furniture and accessories. Due to the demands on their DC's, ASI realized they needed to address several issues. John Hermiz, Director of Distribution for ASI states it this way. “When you're handling large bulky items like beds, dining room tables and sofas, you run out of space real quick. We were double handling many small accessory items that are fragile and susceptible to damage so we needed to change the process. Finally, we're significantly increasing the number of sku's and we need to be able to efficiently mix and ship merchandise for both brands out of the same DC. We needed help so we called Vargo.”

Solution

Prior to the change over, most rack openings were the same size and able to accommodate the largest items. Vargo created a mathematical model that used historical data, coupled with future projections to simulate the most effective use of storage. Armed with this information, Vargo redesigned the warehouse with rack openings that were specific to the types and levels of furniture to be held in inventory, greatly increasing the number of items that could be stored in the same amount of space.

When fragile merchandise needs to go to back stock, ASI utilizes portable stacking racks instead of pallets, eliminating the need for the second set of handling. In addition, portable stacking racks greatly minimize merchandise damage during transit and significantly reduce the time it takes to load and unload trucks, increasing trailer turns and productivity.

Results

- Storage capacity increased 15%
- Merchandise damage reduced 70%
- Increased productivity of unloading containers by 50%

John Hermiz states, “Our goal is to install new supply chain technologies that will improve the flow of merchandise and allow it to get to the selling floor faster. Vargo is helping us get there.”

