

## Profits Rise, Chargebacks Fall, After ERP Implementation



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-Curtis Henning  
VP of Operations

### Business Drivers

- Automate EDI
- Improve Inventory Accuracy & Warehouse Processes
- Reduce Chargebacks

McCubbin Hosiery is a manufacturer, importer and distributor of hosiery products including socks, tights and slippers. In 2006, the company had just signed on Keds, its second national licensee, and EDI compliance requirements were proving troublesome.

While the company was already selling to an impressive roster of independent and mass merchant retailers including Kohl’s, Sear’s, Nordstrom’s and others, its manual processes and heavy chargeback volume were beginning to exact a toll on the hosiery producer’s profitability numbers and customer service.

“We looked at several systems, but felt that Apprise was talking our language,” said Curtis Henning, VP of Operations. “We could see the software was designed to work for businesses like ours that design, import and distribute products.”

### Automated Warehouse Processes Drive Big Improvements

Apprise® is an enterprise resource planning (ERP) solution that gives manufacturing and distribution companies like McCubbin Hosiery, all the tools they need to manufacture, import or source products from Asia and distribute them to compliance-driven retailers such as Walmart. McCubbin’s Apprise implementation decreased the company’s retailer chargebacks on mis-picks in the warehouse by more than 92 percent.

Apprise® Wireless Warehouse technology has enabled the company to automate receiving, picking, putaway and counting to eliminate errors and significantly reduce chargebacks. And workflow options within Apprise have kept head counts constant while McCubbin enjoyed a 22 percent increase in revenue during the worst recession in generations.

“Chargebacks from shortages have dropped over 80 percent since implementing Apprise Wireless Warehouse,” said Henning. “Our Kohl’s chargebacks dropped 95 percent, and current projections indicate we can increase sales volume another 20 percent without increasing labor.”

McCubbin’s private label lines have seen business efficiencies too. Kitting on by-store packs, end caps, and other merchandise, is easier with the use of Apprise® Manufacturing functionality and workflow tools. With Apprise, warehouse personnel rely on system workflows to break down larger pre-pack inventory into smaller lots that are resized, tagged and branded according to individual retailer specifications. So when McCubbin receives cases of bulk product from their mills, Apprise directs the warehouse team to repackage products according to each retailer’s requirements. Throughout the process, Apprise automatically tracks the cost/value of the labor, product pricing, profit margins, and overages, for each of McCubbin’s private label accounts.

“With Apprise, I get instant availability and visibility into all our important metrics, including margin changes,” said Henning.

### Profile in Brief

- Hosiery designer, importer and distributor
- Sells to dozens of brick-and-mortar and online retailers
- Licensee for Keds, Stride Rite, Absorba and others
- Sources from China, Korea, Philippines, Indonesia and other countries

## Business Impact

- Grew Business by 22% During Global Recession
- No Increase in Staffing Resources
- Fully Automated EDI Processes
- Eliminated Warehouse Pick Errors through Wireless Technology
- Significant Chargeback Reduction

## Renewed Focus on Customer Service & Profits

McCubbin Hosiery prides itself on exceeding customer expectations. From the largest mass merchant customers to the smallest independents, service levels matter. That's why McCubbin relies on Apprise to provide robust, real time information and visibility into inventory, allocation, customer specific pricing and other data. So whether it's a complex EDI sale with hundreds of separate store shipments, or a phone-in order, McCubbin has the tools and functionality it needs to meet and exceed customer requirements, and in turn, grow its business.

Previously, McCubbin rushed to keep up with order entry and Advanced Shipping Notice (ASN) tasks, but there was significant lag time between the creation of invoices. That delay impacted cash flow and visibility to actual inventory levels. Now, with Apprise, McCubbin has access to all its business data, from changing inventory levels, to sales numbers, margins, and supplier data, because the whole system is integrated throughout the enterprise. And invoice creation is automatic.

A margin report that Henning runs daily is the operation manager's favourite feature in Apprise. The business intelligence Henning pulls from Apprise® Executive Information Systems (EIS) gives him the insight and visibility he needs to see what orders can be shipped, ship date requirements, product margins and other data.

"Our daily EIS report allows us to manage our business so much more effectively than we ever imagined," said Henning. "I use it to keep a daily watch on margins by groups of customers or by product. Now I have complete visibility into our top line numbers and can drill all the way down to the product level to get to all the details."

## Automated Tools Eliminate Processing Errors

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Prior to Apprise, national accounts like the Keds license boosted McCubbin's revenues significantly, but the contract also had a negative impact. Chargebacks jumped 89 percent over the same timeframe. And disputing those chargebacks required a significant commitment of resources from the McCubbin team.

Thanks to the consumer goods focus and out-of-the-box functionality of Apprise, McCubbin can eliminate most chargeback errors before they occur. Others, are more easily disputed because historical and tracking information are captured and archived in the system to use as proof during chargeback resolution.

"One of the business drivers for us to move to Apprise was EDI," said Henning. "We've gotten extremely more efficient in our daily processes and EDI functions. We've also dramatically improved our incidence of chargebacks, as well as our ability to dispute them."

For McCubbin, order processing errors which previously resulted in weekly chargebacks for each of Kmart's distribution centers, have all been significantly reduced or eliminated. Mis-keyed data that once impacted the entire enterprise from incorrect sales orders, to mis-picks in the warehouse, to invoicing problems, is no longer an issue thanks to improved warehouse processes, better data visibility and automated EDI.

"Our previous processes were very error prone, we couldn't continue to operate that way," said Henning. "Apprise has changed the way we see our business. My expectations for this implementation have been exceeded by far."



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