Elie Tahari combines fashion savvy with powerful analytics

Overview

The Need
Elie Tahari needed faster and more actionable information to speed decision making and keep its processes in sync with the fast changing market.

The Solution
Elie Tahari used Cognos® to create a seamless reporting framework that provides granular, real-time information from the sales floor to its suppliers' inventory and production schedules.

What Makes it Smarter
Real-time insights on sell-through rates and inventory enable Elie Tahari to optimize store-level merchandising decisions, ensuring that the most popular fashions are in the right place, at the right time.

The Result
"With the real-time insights enabled by Cognos, we're better able to translate our fashion market savvy into smart practices at every level of our business."

— Nihad Aytaman, director of Business Applications, Elie Tahari

Behind all the major names in high fashion apparel, is a mix of intuition, inspiration and innovation. That mix goes a long way toward understanding the close relationship—and frequent intersection—of the worlds of high fashion and art. It also points to why brand mystique—creating it and preserving it—is the essential ingredient of success. While qualities like uniqueness, inspiration and creativity can put companies and brands on the map, staying out in front over the long term requires prudent decision making in every facet of the business. As a group, there's no one better than high fashion apparel manufacturers at sensing and appealing to tastes. But tastes can change fast. Manufacturers caught with too much of yesterday's styles—or not enough of what's popular today—run the risk of losing sales and profits, as well as the loyalty of customers to their brand.

To ensure that they have the right mix of products on the floor at any given time, high fashion apparel manufacturers have to not only sense changes in selling patterns, but quickly translate that intelligence into a series of coordinated decisions that go right up the supply chain. This means knowing when and how much to ramp up or cut back on the production of some styles, and for which sizes and colors. It means choosing the right mix of transport modes to balance the urgency of delivery against cost. It can even mean ordering scarce fabrics months in advance to ensure there's enough on hand when it counts.

The fabric of decision making
Since its founding in 1973, New York-based Elie Tahari has become a prominent global fashion brand, with hundreds of millions of dollars in revenues across 40 countries. Its experience illustrates the hobbling effect process silos can have on agile and coordinated decision making—an effect amplified by the growing complexity of its supply chain. That chain begins with suppliers in Asia, from which Elie Tahari sources the majority of its clothing, and extends to a large network of retailers that includes Macy's, Saks Fifth Avenue, Neiman Markus, Bergdorf Goodman and others, in addition to its own chain of 17 stores.

Business Benefits

- Faster and more intelligent decision making through the availability of real-time sales, inventory and logistics information

- Reduction in reporting cycle from as many as two days to a few minutes

- 30 percent reduction in supply chain and logistics costs

- Reduction in the share of air transport (vs. water transport) for overseas shipments from suppliers from 80 percent to less than 50 percent

- Increased sales (and stronger margins) due to optimized mix of products on the floor

- Increased responsiveness to changes in fashion trends, thus strengthening the Elie Tahari brand

Assembling the information needed to make key decisions was an arduous and time-consuming exercise. The primary sources of data were the five separate systems that Elie Tahari relied on to run its business, as well as standardized product activity transaction reports it received from its wholesale channel. To unify it into a coherent and complete picture of the situation, employees in various departments were required to manually integrate the data into spreadsheets. Only then could managers make such basic decisions as which products to ship to each store, which to order from suppliers and how best to get new shipments in from overseas—to name just a few.

Time the enemy

The inherent inefficiency of this approach was only the beginning of the problem. The bigger issue was the limitations it placed on Elie Tahari's decision making. From the time data was generated by the company's core systems, it could take as much as two days for managers to have the information in a form they could act on. In addition to timeliness and transparency, the reports deprived managers of the granularity they needed to make optimizing decisions. Guiding many of these decisions was the overriding importance of meeting commitments to retailers, and doing so on time—every time. This took on added urgency in the event of a retailer's advertised special. To minimize the risk of late deliveries, managers often reverted to air transport—three times the cost of water transport—just to be safe. In-store replenishment decisions, lack of granularity made it impractical for managers to fine tune the product and size mix they shipped to stores based on differences in sales patterns from store to store or region to region. That all changed when Elie Tahari implemented IBM Cognos BI for real-time reporting.

Smarter Solutions for Retail: Elie Tahari responds at the speed of fashion

Instrumented   Real-time information on sales, inventory and shipments is captured directly from Elie Tahari's core transactional systems.

Interconnected   Transactional information from Elie Tahari's five disparate core platforms is standardized and integrated into a single reporting framework.

Intelligent   Real-time and granular visibility into store-level sell-through and inventory data enables optimized replenishment and merchandising practices, while supply chain transparency promotes lower-cost logistics.

Solution Components

Software
- IBM Cognos® 8 BI
- IBM DB2® for i
- IBM InfoSphere™ DataStage®
- IBM WebSphere® MQ

Servers
- IBM Power Systems™ 550

Services
- IBM Global Business Services

The Inside Story: Getting There

Right the First Time ... When Elie Tahari's CIO first proposed using BI to simplify, unify and speed up the reporting of key metrics, there was little doubt as to the underlying demand for it among employees and the significant potential benefits to the business as a whole. But for all the promise of improved reporting, the Elie Tahari IT team—which took on the implementation in-house—recognized the risks and took every means to mitigate them. Data integrity was at the top of the list, explains Nihad Aytaman, director of Business Applications and leader of the Cognos implementation. "Together with Sam Gottlieb, our BI manager, we recognized that our success depended on convincing people to accept a whole new foundation for making their most critical decisions, and that the only way to do this was to gain their complete trust in the accuracy of the data from the start," says Aytaman. "You really have one shot at this; if you put information in front of users and it's not correct, it's very difficult to win them over again."

Ensuring Integrity ... To move data from its core applications to its data warehouse, Elie Tahari relies on a combination of IBM WebSphere® MQ, IBM InfoSphere™ DataStage® ETL and remote journaling, a data replication function of the IBM Power Systems™ servers that run its core platforms. As an additional safeguard to ensure its transactional systems and data warehouse are in complete alignment, Aytaman and his team created integrity checking programs that compare key information elements on a nightly basis, between the data warehouse and the transactional systems that feed it.

Pace is Everything ... Elie Tahari's decision to roll out dashboards, reporting and analysis capability throughout the organization on a department-by-department basis was in part a reflection of its lean IT resources. But it also reflected Aytaman's conscious decision to focus time and effort on nurturing adoption on a relatively small (i.e., department or workgroup) scale, thus encouraging a deeper level of buy-in among that group's users. Part and parcel of this approach was the decision to deliver only the most important reports in a preliminary deployment stage, which
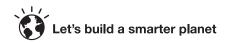
shortened the time required to make the most important reports available through Cognos companywide. With this initial footprint established, Aytaman and his team then doubled back to round out the implementation, completing the initial rollout in just six months. "By spending as much time as each department needed [in the first phase], we succeeded in making people feel like IT was giving them its full attention," says Aytaman. "This really helped adoption to take hold."

Inside the company, Elie Tahari calls its new reporting solution TREND (Tahari Real-Time ENvironment for Data). It didn't take Tiffany Tankersley very long to see the benefits it provides in the form of more timely and granular insights. A divisional manager in charge of sales through retailers, Tankersley had followed the practice of ordering the same distribution of clothing sizes for all stores—less by choice than by practical necessity. "What jumped out from the Cognos reports were the differences in the distribution of sizes we sold by region and by store," explains Tankersley. "By seeing a pattern we couldn't see before, we were able to modify the size spread for each of our stores."

In addition to ensuring that the hottest products are on the shelves when customers want them, such smart replenishment practices have a big impact on the bottom line. Stocking the right mix of products— right down to the size—reduces requests from retailers to discount slower moving products within the line, thereby maintaining margin strength. By the same token, lowering the volume of returns decreases the considerable costs associated with reverse logistics.

Elie Tahari is also making smarter decisions up the supply chain. With visibility into production, and inventory and location being more transparent and up-to-date, logistics managers have the information they need to optimize their shipping strategies. Since Elie Tahari began using TREND to support its logistics decisions, the share of shipments sent by air has fallen from 80 percent to under 50 percent— all without impacting its ability to fulfill its on-time delivery commitments to retailers.

Agility in fashion

To Nihad Aytaman, Elie Tahari's smart retailing practices have been an important factor in the company's consistently strong growth and—more recently—have been instrumental in its ability to adjust its offerings to suit economy-driven changes in consumer tastes. "Elie Tahari has always combined a visionary sense with a keen eye for changes in fashion trends," says Aytaman. "With the real-time insights enabled by Cognos software, we're better able to translate our fashion market savvy into smart practices at every level of our business."

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