Agenda

- ► Haggar – Brief Overview
- ► Supply Chain Complexity
- ► Planning Metrics
- ► Key Business Challenges
- ► Overall Solution with Logility
- ► Benefits
- ► Lessons Learned
- ► Q&A

velocity

| Suit Separates | Sport Coats | Dress Pants | Shorts | Casual Pants | Premium No Iron Khaki | Premium Comfort Dress Pants |

Color swatches: Chocolate, Toast, British Khaki, Khaki, Sand, Heather Grey, Charcoal Heather, Heather Navy

HAGGAR®

90+ YEARS OF HISTORY

► #1 selling casual pant (Premium No Iron Khaki)
► #1 selling dress pant (Premium Comfort Dress Pant) in America

Corporate Structure

HAGGAR®

USA, CANADA & MEXICO

- Corp. Headquarters: Dallas, TX
- Sold in 14,000+ stores nationwide

KOHL'S

JCPenney

★macy's

◎ TARGET

LOUIS RAPHAEL®

- Men's Bottoms

TRIBAL

- Women's Wear
- 2,400 active boutique customers

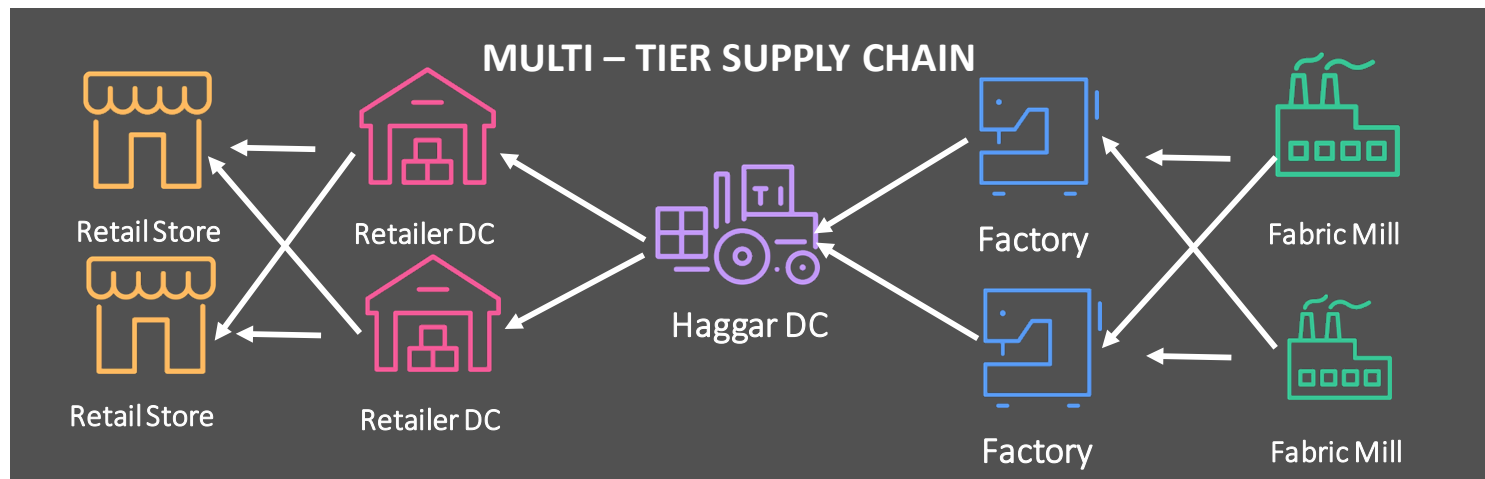### PRIVATE LABEL

- Men's Bottoms & Suits
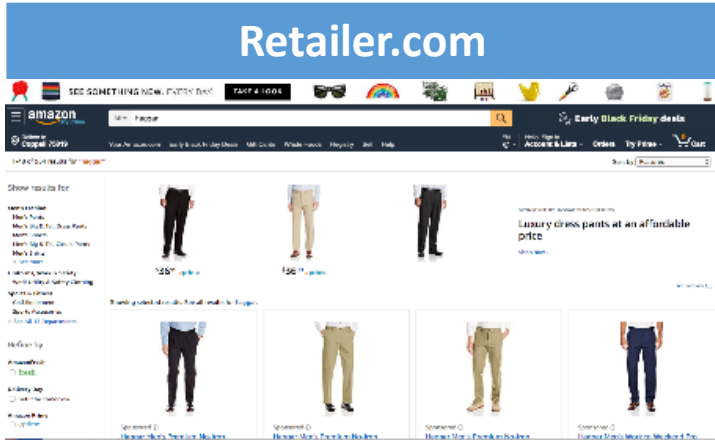
belk

JOHNSTON & MURPHY

Dillard's

DICK'S SPORTING GOODS

Supply Chain Network Complexity

Outsourced supply chain with large lead times

MULTI – TIER SUPPLY CHAIN

Retail Store Retailer DC Haggar DC Factory Fabric Mill

Retail Store Retailer DC Factory Fabric Mill

Omni Channel Complexity

Retailer.com

Haggar.com

HAGGAR®
A Supplier and
a Retailer

Wholesale

Haggar Direct

Product Complexity

Lowest level sales data runs into hundreds of millions of combinations

Premium No Iron Khaki
#1 Selling Casual Pant in America
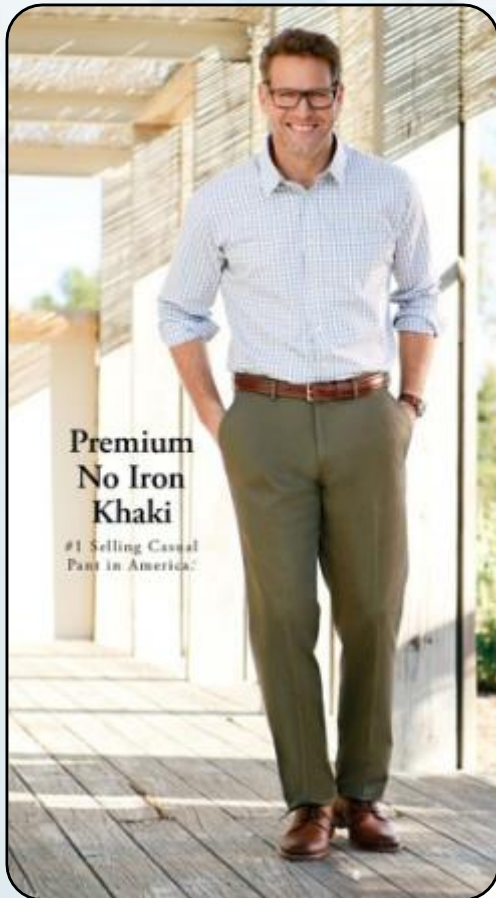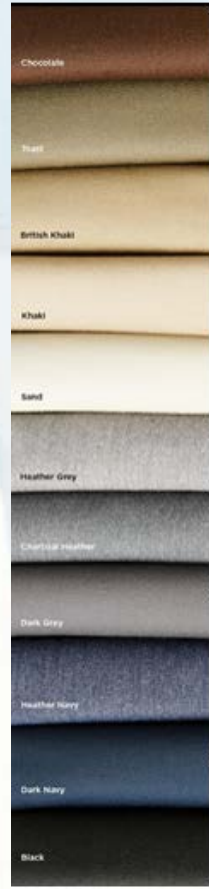
CLASSIC FIT
(Hidden Comfort Waistband)
W: 32–44 L: 29–34
Flat Front & Pleated, w/ Cuff

SLIM FIT
(Premium Flex Waistband)
W: 29–38 L: 29–34
Flat Front

STRAIGHT FIT
(Premium Flex Waistband)
W: 30–42 L: 29–34
Flat Front

BIG & TALL
(Hidden Comfort Waistband)
W: 44–60 L: 29–34
Flat Front & Pleated

macy's
KOHL'S
JCPenney
belk
TARGET
amazon
NORDSTROM rack

Styles   Colors   Fits & Sizes – Waist and Length   Customers

velocity
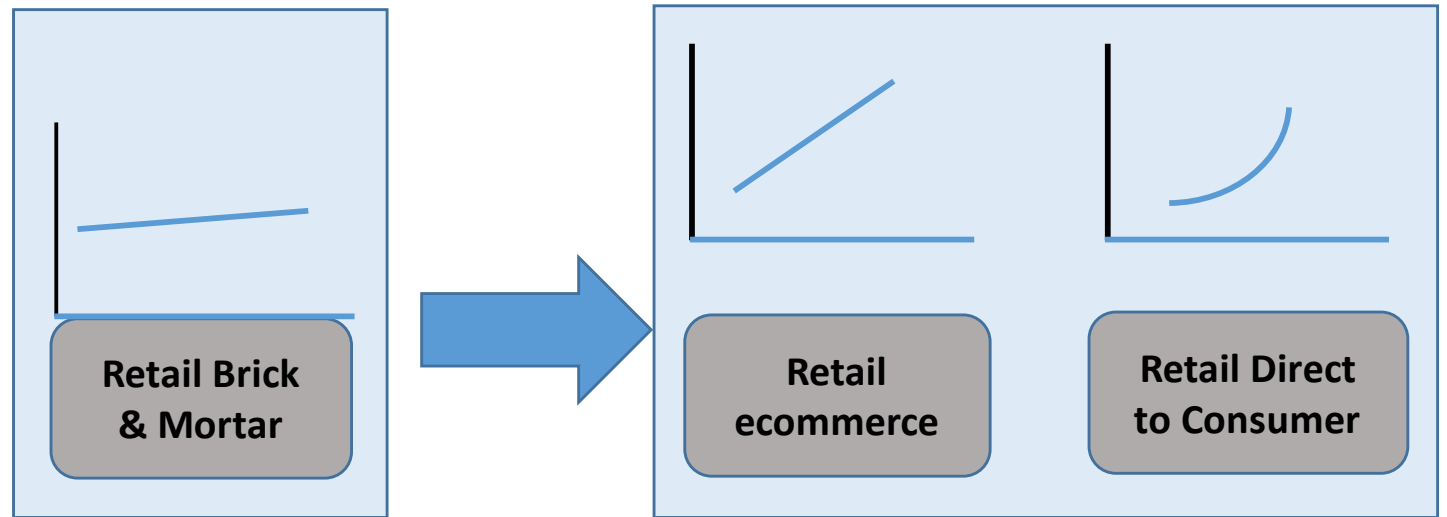
Planning Metrics

Maintain high fill rates for "A" & "B" items:
A = 96%+ and B = 93%+

Reduce excess / discontinued inventory

Maintain appropriate inventory levels to ensure high fill rates and low excess

Overall goal is to increase free cash flow by maximizing fill rates with optimal inventory

Key Business Challenges

n

...d no
... Fits,
...gories

Managing Multiple Customer Relationships

Wholesale orders, VMI and Direct to Consumer

Single Version of the Truth for a Customer Forecast

Lack of alignment between Demand/Sales and Customer Forecasts
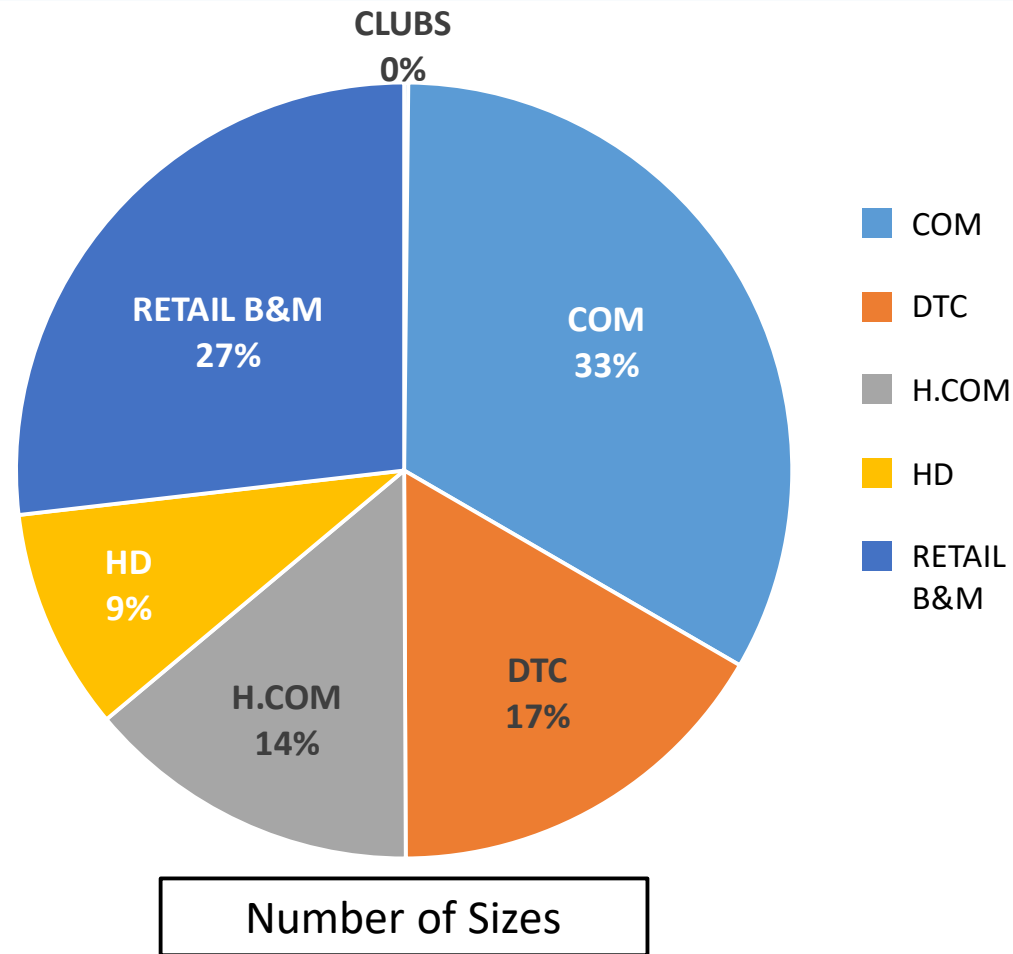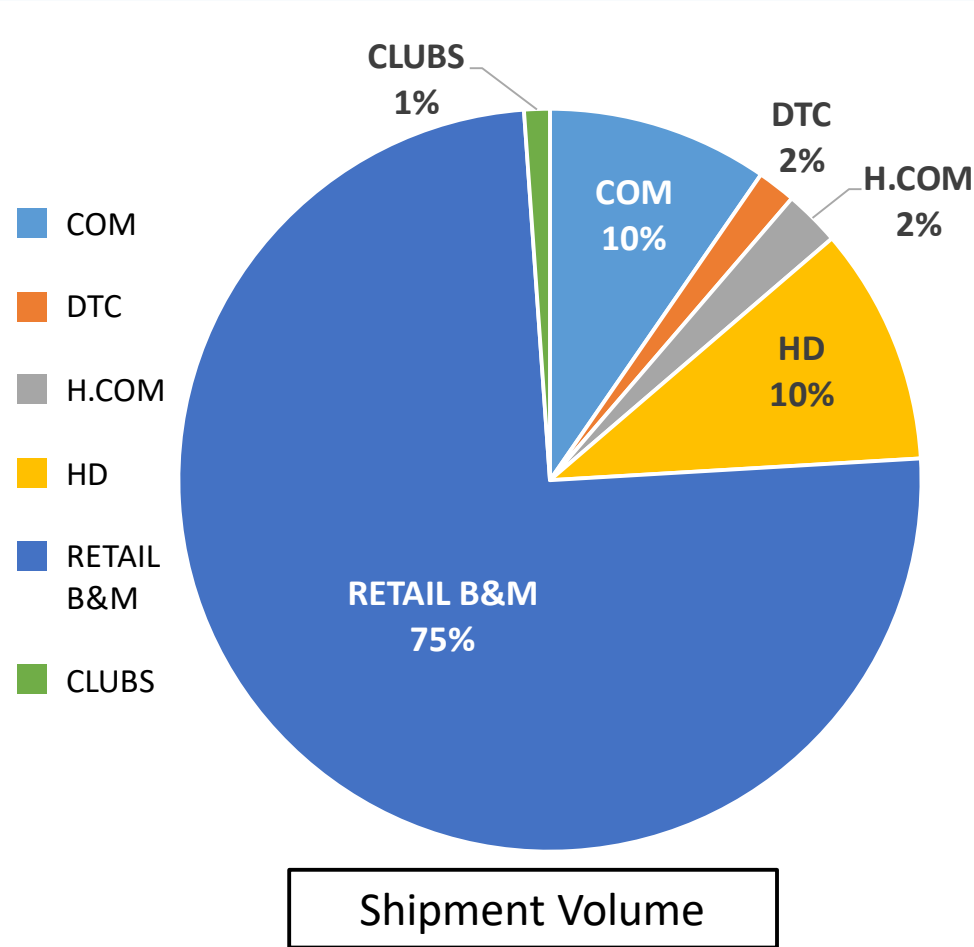
2

3

Size Proliferation

► **Key issues**

- Lack of consistency in sizing

- Driven primarily by account managers

- Same product would carry different set of sizes across retailers and other channels

- No consistent process to evaluate sizing based on performance history

- Very time consuming for the planners

► **Proposed Solution**

- Defined clear criteria on what sizing should be based on – Product Category, Fit and Channel

- Based sizing on historical 6-12M POS if sales history was available and 6-12M actual demand if not

- Set up a cadence to review every season

- Leveraged Logility P3 to automate this process

- Focused on ECOM and D2C channels

Shipment Volume vs. Number of Sizes by Channel

Shipment Volume

- COM
- DTC
- H.COM
- HD
- RETAIL B&M
- CLUBS

CLUBS 1%
DTC 2%
H.COM 2%
COM 10%
HD 10%
RETAIL B&M 75%

Number of Sizes

- COM
- DTC
- H.COM
- HD
- RETAIL B&M

CLUBS 0%
COM 33%
DTC 17%
H.COM 14%
HD 9%
RETAIL B&M 27%

Shipments for ECOM & D2C is about 14% of volume but has 64% of sizes

Note: Data has been modified to maintain confidentiality

velocity

Benefits

Simplified data maintenance for size level data

Increased planner efficiency especially for new items

Less noise & more consistent forecast at the size level

Ability for the planners to focus more on high margin SKUs

- Since Voyager Proportional Profile Planning (P3) managed the size profiling for all the low unit volume/ high number of SKUs

Key Business Challenges

1

n
...d no
... Fits,
...gories

2

Managing Multiple Customer Relationships
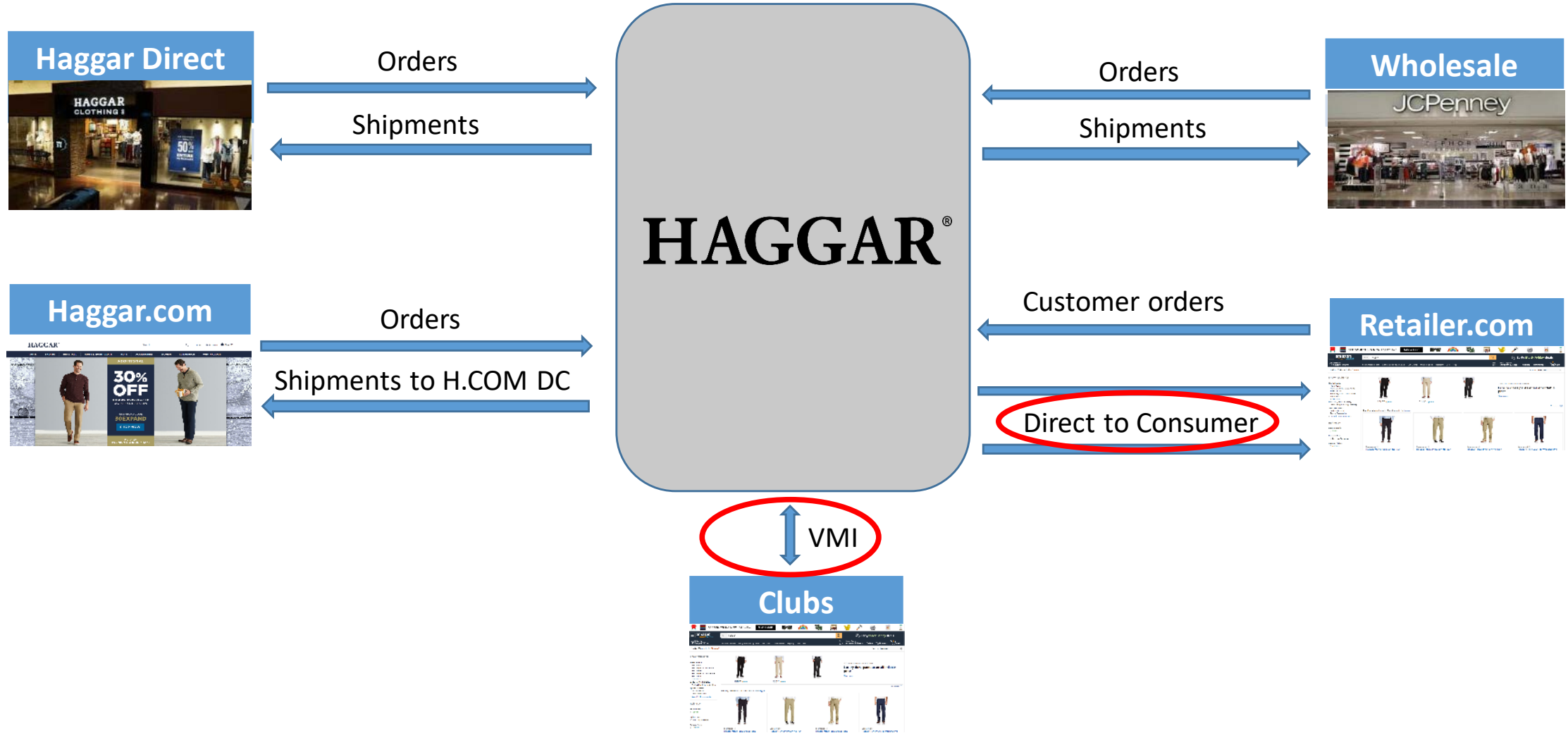
Wholesale orders, VMI and Direct to Consumer

3

Single Version of the truth for a Customer Forecast

Lack of alignment between Demand/Sales and Customer Forecasts

Managing Multiple Customer Relationships

Managing Multiple Customer Relationships   *D2C*

▶ Created a separate Customer in DP for "All D2C"

  - Volumes initially too small to justify modeling as individual customers

  - Lot of noise at level 1 if volumes are small

▶ Created a separate inventory location in IP for D2C

  - Product is tracked and maintained separately at the warehouse

▶ Inventory moved on a weekly basis to the DTC location

  - Based on forecasts from Logility

  - This inventory will be available for all customers

  - Percentage allocation by customer done based on historical sales

▶ Next steps

  - Certain customers have built up volume to justify modeling separately

  - This will result in a better allocation of inventory for those customers

DP Pyramid
- Style
- Customer Style
- Customer-Style-Color
- Customer-Style-Color-Location
- Customer-Style-Color-Size-Location

IP Pyramid
- Style
- Style-Location
- Style-Color-Location
- Style-Color-Size-Location
- Customer-Style-Color-Size-Location

Managing Multiple Customer Relationships   *VMI*

▶ Table stakes to do business with Clubs

- Each customer had specific VMI needs with respect to pre-packs, providing perpetual vs actual OH etc.

▶ Created a third pyramid

- 'Customer Style Color Store' at Level 1

- Implemented Forecasting and Planned Order Generation

▶ Rollout of solution for 2 clubs took only 3 months

- 1.5 months to get Logility up and running

- 1.5 months to complete integration and reporting

▶ Next steps

- Automatically transfer Planned Shipments from VMI to Actual Demand in DP (for the first three months)

- Leverage P3 for size profiling (currently use derived model/Moving Avg.)

3rd Pyramid

Style

Customer Style

Customer-Style-Color

Customer-Style-Color-Store

Customer-Style-Color-Size-Store

velocity
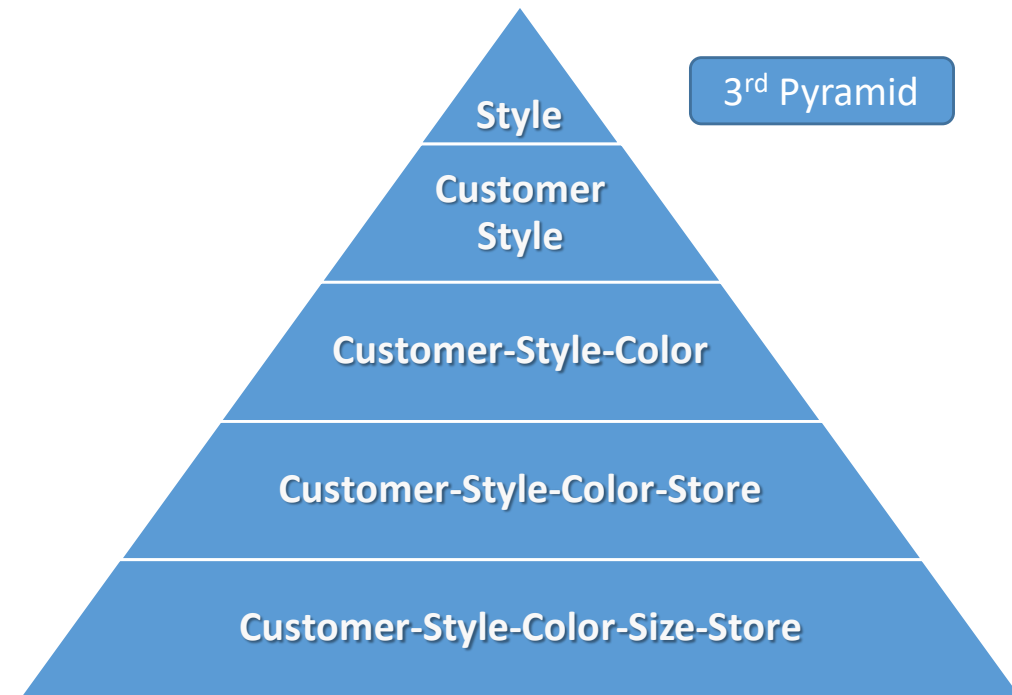
Benefits

D2C

Leveraged existing DP/IP/P3 framework to support the D2C Channel

Reduced significant manual work for multiple groups by providing forecast and inventory visibility through Logility

Built a process/framework that can be extended to account for growth as D2C volumes grow

VMI

Better control and quality of shipments (right SKU at the right time at the right store)

Ability to react more quickly to changes in actual sales at the store level

Significant reduction in manual work and less errors (after transitioning out of the excel based solution)

No additional head count added to support this effort

Key Business Challenges

1

...e
...hips

...and

2

Size Proliferation

Proliferation of Sizes and no standardization within Fits, Channels, Product Categories

3

Single Version of the Truth for a Customer Forecast

Lack of alignment between Demand/Sales and Customer Forecasts

Managing Shipment Forecasts for Budgeting

▶ **Current Sales Planning Process**

- Sales (or shipment) planning is done through spreadsheets today

- Each planner updates their own spreadsheet which then gets consolidated on a monthly basis

- The consolidated file is used by Finance to track against budget and by demand planning to align demand plans

▶ **Key Issues**

- No system of record for these shipment forecasts

- Process takes too long and very error prone

- No ability to do a come up with a timely consensus plan between demand and sales planners

▶ **Proposed Solution**

- Use Logility as the system of records for shipment forecasts

- Added relevant measures to the DP pyramid

- Created a consolidated view that captures customer, sales planner and demand planner forecasts

- Sales planners can make direct edits in Logility (also in the process of building an excel interface)

One Consolidated View of Demand

One Consolidated View for Customer Forecasts, Shipment Forecasts, and Logility Demand Forecasts

Added additional supporting measures like Actual Demand, POS, Customer OH, Door Count, Model Stock etc.

Note: Data has been modified to maintain confidentiality

velocity

Benefits

One stop shop for customer, shipment and demand forecasts

Ability to enable a timely consensus demand planning process
- Constant alignment between Shipment and Demand Plans

Increased forecast accuracy for demand and shipment plans

Error and grief reduction due to reduced errors through validation in Logility

Ease of reporting since Logility is now the system of record for the shipment forecasts

Overall Implementation Timeline

2010-2015 – Initial Deployment of DP/IP/RP

Late 2015 – Re-architecture and Re-implementation of DP/IP/RP

Early 2016 – Rollout of Proportional Profile Planning

Late 2017 – VMI Business Support

Late 2018 – Consolidated View of a Customer Forecast

Key Learnings

▶ **Keep models simple as you launch new functionality**

- Logility has a lot of parameters and each one can interact with one another in different ways

- Keep defaults wherever possible and only tweak the ones that are really relevant for your business

▶ **Take an Incremental approach to adding functionality**

- Implemented P3 and VMI only after completing and stabilizing the re-implementation of DP/IP/RP

▶ **Automate processes for low volume units/high SKU count where possible**

- Before Logility, most of a planner's time was getting consumed in low volume units/high number of SKUs

- With Logility, the focus was to automate these processes and have planners focus more on SKUs that matter

▶ **Don't shy away from data complexity**

- Analyzing and managing data at size level provides maximum benefit – however, pick your battles

QUESTIONS?

THANK YOU