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Kevin O’Meara, Director of Supply Chain Operations, Whirlpool



# Whirlpool spins optimized supply chain with help from Manhattan Associates

## WHIRLPOOL BLENDS TWO SUPPLY CHAINS TO SUPPORT BRAND STRATEGY

Whirlpool Corporation is the world’s leading manufacturer and marketer of major home appliances. Its supply chain plays a critical role in building and supporting the company’s brand strategy. With the recent acquisition of Maytag, the company needed to ensure that the brand’s reputation for dependability and durability was upheld as it set about to merge and consolidate the two different order-fulfillment and inventory-deployment processes.

“Because each of our brand names holds a unique and differentiated position in the marketplace, we can’t, at the last moment when that product is being delivered, have a glitch,” said Kevin O’Meara, director of supply chain operations. “We have to make sure our supply chain helps protect the brand image—ensuring the brand is enhanced by the service we’re providing.”

Whirlpool’s supply chain encompasses more than 40 manufacturing facilities sourced from approximately 7,000 different suppliers in every region of the world. Those facilities not only import, but also export products to separate regions where they are then delivered to about 30,000 retailers worldwide. The company also delivers products to builders and directly to consumers’ homes. Whirlpool has, at any given time, 2.2 to 2.5 million units in inventory.

“Whirlpool’s supply chain is complex primarily because we’re not only a manufacturer, but we also service tens of thousands of different retailers, along with our other channels,” said Brian Hancock, vice president, supply chain. “So when you think about everybody from a Lowe’s, Home Depot and Sears, to the new-home builder, to Mrs. Jones down the block, they all expect the same type of products and service.”

With that in mind, Whirlpool determined it needed a supply chain with the flexibility, scalability and agility to address the different requirements that go across multiple channels.



**World Headquarters:**

Benton Harbor, Mich.

**U.S. distribution centers (DCs):**

15 factory DCs; 10 regional DCs; 85 local DCs

**Manhattan solutions:**

Warehouse Management, Slotting Optimization, Labor Management, Extended Enterprise Management

**Challenge:**

Ensure products are available to customers within 48 to 72 hours, reduce production and distribution costs, merge Whirlpool and Maytag supply chains.

**Goal:**

Create leaner processes, increase productivity and improve order-to-delivery time.

**Solution:**

Manhattan selected based on its flexibility and ability to standardize technology and processes across the entire Whirlpool distribution network.

**Result:**

Reduced transportation costs; increased productivity and pick rates; improved inventory accuracy and order-to-delivery time; enhanced yard management.

## SUPPLY CHAIN ADJUSTMENTS ARE NEEDED TO PUT CHILL ON MARKETPLACE CHALLENGES

The appliance marketplace has evolved during the last several years and continues to change. Supply chains have, in turn, been affected by shifts in consumers' desires and needs, driven in part by the economy as well as the more general availability of different product mixes and multiple delivery channels.

According to Hancock, as the industry continues to change, retailers want to carry less and less inventory, just as consumers are becoming more demanding. "Mrs. Jones doesn't want to come in anymore and say, 'It's okay if my appliances show up in two weeks.' Eighty percent of our buyers have what's called a distressed buy. In other words, something's broken—the washing machine's down or the refrigerator is not working. 'Can you have that there this afternoon,' is the question."

To successfully adjust to these marketplace changes, Whirlpool would first have to address these challenges:

- To ensure products would be readily available to customers within a newly established window of 48 to 72 hours, the company needed to move to a segmented inventory strategy supported by leaner processes; and
- As a large U.S. manufacturer, the company had to find a way to lower costs in both production and distribution because it couldn't reproduce the labor savings other competitors realized from overseas manufacturing.



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Kevin O'Meara, Director of Supply Chain Operations

“The biggest problems for most companies come from their inability to bridge supply chain silos,” Hancock said. “They separate order management, product development, procurement and manufacturing from the final delivery. For our supply chain professionals to deliver on our corporate promises, we realized the way to attain the necessary efficiencies required building seamless visibility inside and outside our warehouses.”

For Whirlpool, creating a more efficient supply chain also meant altering traditional methodologies by consolidating distribution centers.



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### CONSOLIDATION BRINGS MORE COMPLEXITY

During the Maytag integration, Whirlpool took its number of major facilities from 47 down to 25, which allowed the company to gain much needed consolidation. Yet, with each facility measuring approximately a half-mile long by a quarter-mile wide and boasting as much as 1.7 million square feet, consolidation only brought more complexity.

“Because those facilities were so big, it just became more complex inside those buildings as we consolidated,” Hancock said. “We knew we needed to restructure the warehouses and deploy the proper pick technologies to cut down on the number of miles workers traveled inside the facilities.”



### MANHATTAN COOKS UP STANDARDIZED TECHNOLOGY ACROSS WAREHOUSES, REGIONS, ENTIRE NETWORK

Whirlpool wanted to standardize processes and technologies across the entire network so the company selected Manhattan Associates to assist with the integration.

Having worked with Manhattan previously, O’Meara knew the company not only offered innovative supply chain solutions and industry-leading experience, but also had a flexible organization that could address Whirlpool’s unique needs.

“So many times, the technology product almost gets dropped off at your doorstep and it’s up to you to figure it out,” said O’Meara. “Not the case with Manhattan. The team conducted a thorough needs assessment in order to understand the problems and challenges Whirlpool needed to overcome. They recommended the most viable solutions for our situation and stayed with us through the entire implementation.”

## NEW EFFICIENCIES, INCREASED INVENTORY ACCURACY AND MORE UPTIME BUILD “GOURMET KITCHEN” OF BUSINESS SUCCESS

By using a combination of innovative solutions from Manhattan Associates, including Warehouse Management, Slotting Optimization, Labor Management and Extended Enterprise Management, Whirlpool has achieved a number of business successes:

- Eliminated 40 million travel miles between facilities, reducing fuel costs and environmental impact;
- Reduced time associated with the pick process by 50%, thereby speeding pick rates;
- Cut damage to products by 50%;
- Improved warehouse uptime to more than 90% toward established goal of 99.9%;
- Seamlessly integrated two competing supply chains without customer or trading partner interruptions;
- Built a more exact, real-time view of inventory inside the warehouses which increased inventory accuracy;
- Gained warehouse efficiencies through integration of pick-pack logic and process with more exact inventory counts;
- Improved order-to-delivery time; and
- Enhanced yard management capabilities.

Kevin Summers, Whirlpool’s global CIO and corporate vice president, believes Manhattan has demonstrated how technology is an enabler for business success. “The message is: It’s not just technology. It’s not just business. It’s a partner who brings both of them together that makes a successful implementation,” he said.

