CLASSIC BRANDS
SPECIALTY SLEEP PRODUCTS

Case Study

The company

Founded in 1971, Classic Brands is a leading designer, distributor and manufacturer of sleep products, sleep accessories and furniture, with a focus on the finest quality mattresses. Classic Brands is constantly seeking to deliver quality and comfort at an affordable price. The company uses the finest materials from around the world, including all-natural and high-performance covers, Talalay and Dunlop latex, memory foam, gel-infused memory foam, innerspring and wrapped coil hybrids. Classic Brands' sleep systems are designed to help achieve the maximum benefit from each night of sleep.

Potential "Lost sales" are identified by the system and adjustments are automatically made in order to avoid excess inventory down the road and ensure on-time delivery

The Challenges

- The business is highly competitive and fast moving, so accurate forecasts with tightly managed inventory is critical for meeting sales and margin targets.

- The company needs to deal with supply uncertainty for overseas long lead time manufacturing sources and identify revenue at risk.

- The port delays cause the need to rebalance inventory among the DC's and carefully plan tight shipping capacity.

- Covid and other disruptions are driving the need to more carefully decide how much total inventory should be in the system and automatically measure and update delivery lead times and variability.

- Trade disputes induced tariff changes forced the company to rethink country of origin for sourced products. This was not easy considering the long manufacturing and transportation lead times.

- Support business growth when adding new distribution centers by determining how to best serve ship-to locations

System Implementation & Deployment

After an initial design of the to-be process and system architecture for a unified Demand, Inventory, and supply planning process. The joint team of Classic and Adexa consultants got to work to define data requirements and how the users intend to use the system in order to automate the planning process and get real-time visibility. Integration with ERP and other transaction systems was designed and implemented. Within a few short months, the system was up and running, providing visibility and planning for both S&OP and S&OE processes. The generated plans are fully executable subject to user approval. Users have the opportunity to enhance the plans by changing the possible sources, negotiating volumes and provide human knowledge of coming events that may not be known to the system. Sell through forecasts for Amazon and other market place sellers are made available to the planners for enhanced visibility and forecast accuracy.

Adexa S&OP/S&OE Solutions and Benefits

- Company now has visibility to detect and adjust imbalanced inventories and total working capital required to support expected Demand. Even though Demand and Supply volatility combined with long lead times cause short term shortages or excess in individual DCs, the imbalances for the company as a whole has significantly improved. The users can adjust their purchase plan, position available inventory, and direct sales orders to DC's accordingly in order to maximize order fulfillment and increase cash flow efficiency.

- Key customer supplied demand forecasts are integrated directly to the Adexa S&OP solution and compared to statistical and planner forecasts for accuracy. Direct order customers can separate forecasts for overseas direct ship sourcing. Demand at different regions and distribution centers are predicted and appropriate adjustments are made to ensure availability of the products at the right location.

- Potential "Lost sales" (the forecast that can't be met on time based on the supply arrival changes) are identified by the system and adjustments are automatically made in order to avoid excess inventory down the road and ensure on-time delivery.

- Adexa solution recommends vendor preference/priorities and sourcing ratios and capacities so that the company can deal with changes such as trade war, supply chain constraints promptly and optimally.

- Vendors' capacity constraints are modeled to ensure a realistic purchase plan and deal with exceptions such as lunar new year.

- The customer has numerous thousands of SKUs that span over multiple DC/WH resulting in over 18K virtual locations with over 134K demands at any point in time. Plans that are executable, without any user intervention are produced daily to ensure optimal usage of capacities, suppliers and ensure on-time delivery as best as possible.