



Ready to Wear

Elie Tahari has been a trendsetter in women's fashions. Now, it's Mickey Klein's job to coordinate store, warehouse and factory systems—and strike when a chiffon top is still hot. **BY JOHN McCORMICK**

COLLEAGUES KNOCK ON MICKEY KLEIN'S DOOR, CONSTANTLY interrupting meetings. He puts phone callers on hold as he searches his calendar for a better time to talk. Reports he's supposed to review sit unread on his desk, surrounding a box of stale, half-eaten cookies.

Klein is busy—building systems to help his company's executives, designers and sales managers communicate. And get fashions into stores faster.

Klein is a trendsetter. The systems he has created as vice president in charge of business process and expansion at Elie Tahari, the hot New York women's apparel company, are ahead of their time. He has put in a pair of systems tailored from two off-the-shelf software packages—with a third system near completion—designed to let Elie Tahari managers know what's happening in each of the stores that sell its goods, the warehouses that move goods across the country, and the 40-plus factories that take raw materials and turn them into rabbit-fur vests and chiffon tops.

With these systems, Elie Tahari staffers know, at any time, the material and color of the fabrics sitting on the shelves of its manufacturers in the Far East, or the styles that are leaping

off the racks in its downtown New York boutique. And adjust supply to meet demand in an eye blink.

Better information for decision-makers is key to helping the company keep its feverish expansion plans alive. Elie Tahari intends to grow from a \$200 million business today to a \$1 billion powerhouse by 2012, according to Klein.

That means spotting when reversible quilted granite tweed jackets with grosgrain trim start flying off the shelves. Now, with the systems he's been working on for the last 30 months, the company has "the ability to go out and re-cut that style, move it onto the floor within four to six weeks and keep the sales momentum going," says Klein. "That's something most clothing manufacturers don't have the ability to do."

Indeed, more than just Klein's competitors are still struggling to put together the kind of business and operational tracking systems he now has in place, according to Robert Garf, a retail information-technology analyst at AMR Research. Not just fashion companies should follow Elie Tahari's lead, he says, but "all companies that deal with fast-moving consumer goods."

The main systems are a reporting and analysis package

ILLUSTRATION BY HEATHER CHONTOS

ELIE TAHARI BASE CASE

Headquarters: 1114 Avenue of the Americas, New York, NY 10036

Phone: (212) 763-2000

Business: Designs and sells women's fashions.

Chief Technology Officer: Jason Epstein

Financials in 2003: Privately held; revenue estimated at \$200 million.

Challenge: Create a single system that will allow managers to track business activity from the cash register to the manufacturing plant.

BASELINE GOALS:

- ▶ Boost sales 20% to 25% annually, to \$1 billion a year by 2012
- ▶ Cut \$1 million in annual expenses.
- ▶ Eliminate the two- to three-day wait for weekly retail-sales reports.

based on WebFocus software from Information Builders and a product life-cycle management package called Vertex from Business Management Systems (BMS). A third, complementary system, which will automate Elie Tahari's warehouses, is due to be completed in November.

The two installed applications have already slashed the company's expenses by an estimated \$1 million a year, virtually eliminated the two-day process of gathering accurate sales reports each week from its retail outlets, and shaved a week off its design and production process.

DATA IN A TIMELY FASHION

Elie Tahari constantly tries to set trends, whether in fashion, business or technology. Elie Tahari, the company's founder, chief executive and namesake, began his career running a small boutique in New York in the 1970s. From that modest start, Elie Tahari has become one of the hottest names in fashion with a line of clothes it bills as "modern, clean, quietly sexy and feminine."

The company does little advertising, relying instead on slick marketing innovations such as the shop-in-a-shop concept, in which Nordstrom, Saks and other retailers dedicate space in their stores for Elie Tahari-only fashion boutiques.

But while its styles and marketing have been consistently on the cutting edge, two years ago the information systems used to monitor its operations didn't look all that sharp.

At the time, Klein had little more than shipping notices to track goods from the company's manufacturers to its distribution center to its retailers. And the quality of sales data he was getting from retailers, he says, was "misleading."

Sales reports were compiled by the dozen retail chains that sell Elie Tahari clothing, and shipped at the end of each week to the designer in formats such as Excel spreadsheets and electronic data interchange documents. But the information in the documents was often incomplete or, sometimes, repeated. And some retailers sent in percentage-of-sales increases or decreases, while others supplied actual dollar amounts.

The company had two full-time staffers working two full days at the beginning of each work week to gather the reports and check them for completeness and accuracy.

Not only did this take time, but company managers didn't see sales reports until mid-week, which didn't leave much time to use the information to influence that week's sales. The process, Klein says, "was silly."

Elie Tahari knew it had to overhaul its retail sales reporting system. "The biggest obstacle that we had was the actual collection, cleansing and verification of [retail] data," Klein explains.

He came up with an idea for a system that would not just collect sales data from its retailers but also deliver on-demand reports showing orders in the pipeline, sales by styles and stores, and the flow of goods into and out of its distribution center.

To build the reporting and analysis system, which he calls InSeam, he chose WebFocus, a tool that can access and integrate information from multiple sources.

Elie Tahari also signed two companies that provide retail reporting services, Edifice and Kliger-Weiss Infosystems (KWI). The companies collect weekly retail information and speed the distribution of sales reports. Retailers, for instance, now send their sales reports at the end of the week to Edifice, which takes care of typos, eliminates duplicates and transmits a clean report to Elie Tahari's data repository every Monday morning, cutting two full days off the retail reporting process.

Once that data is in a usable form, WebFocus can pull information as needed. Elie Tahari has a WebFocus specialist on staff who uses the programming tools in the package to produce tailored financial and sales reports for managers.

Sales executives, for instance, can now see their accounts, which merchandise is selling and what their customers have on order. WebFocus also gives them the ability to request specific pieces of information for ad hoc reports.

Because WebFocus can tap into the company's main IBM DB2 data repository, which also contains billing and other account information, sales managers can spot potential trouble with an account. If, say, a shipment was held up for bad credit, the account rep will know immediately and can contact the retailer to work out payment and shipment options.

WebFocus reports can be done with relative ease when the meta-data is defined. Meta-data is data about the data, such as in what table and what field within a table a piece of data resides. If the meta-data isn't defined, a developer needs to use another tool, WebFocus Developer Studio, to map the database information to a Web-based report.

"It's an extra step in the process," says Michael Corcoran, Information Builders' chief communications officer, who serves as a liaison between the software company and its customers.

But by being able to streamline the collection and dissemination of sales data, Elie Tahari, according to Corcoran, is "doing something that every company wants to do. Most companies have the vision and understand that they need to do it. [But] Elie Tahari has been able to put it together."

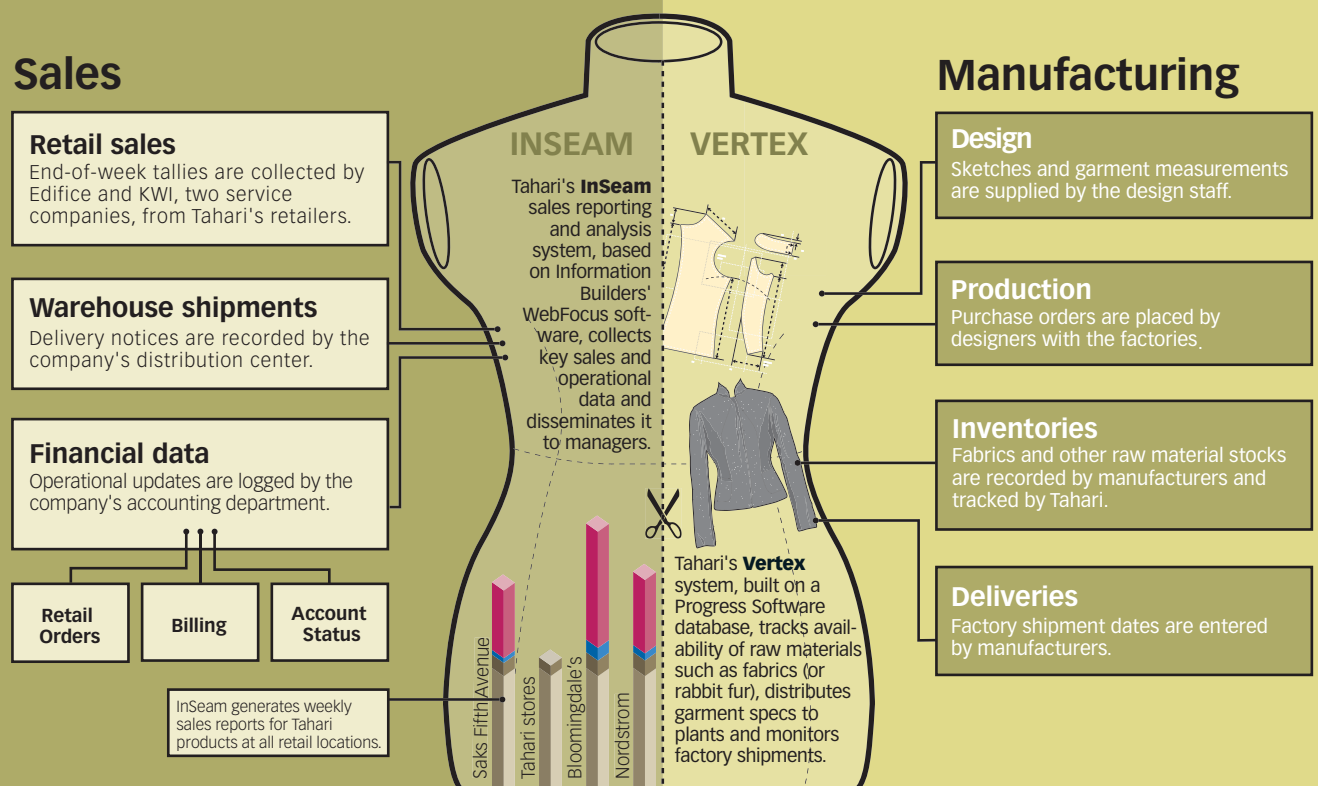
MANUFACTURING SAVINGS

Elie Tahari has also deployed a production system, BMS' Vertex, that allows the company to electronically relay style sketches and garment specifications to its plants, monitor order shipments and track raw materials such as fabrics. "It ties the whole process together," says Scott Oldham, BMS' business development director, who notes that most of the more than 40 factories that Elie Tahari employs on a regular basis have agreed to use the Web-based system.

The system gives Elie Tahari a handle on its materials inventory. Apparel companies will often order a large amount of a certain fabric and have it shipped to its factories. But few if any records are ever kept on the amount of material used. If a style

ELIE TAHARI: SETTING STYLES—AND REACTING TO THEM QUICKLY

The fashion designer has put in place a pair of systems that let managers make decisions based on exactly what's going on, at any time, in its retail outlets and production facilities—from knowing what's flying off the racks at Saks to how much chiffon is sitting in its manufacturers' back rooms.



the following year called for the same fabric, the designer could order more without knowing that perhaps the company had more than enough from the previous year's order.

Elie Tahari had to change that. It needed to know which fabrics were already in stock, and whether they could be used when new or changed designs were ordered. In addition, it wanted a system that would allow it to clearly transmit instructions for design changes to its plants.

With Vertex, factories record what they use and what they put in stock. Elie Tahari says it has worked with as many as 80 different factories at one time. Now, if each of those factories has stocked away, say, 12,500 yards of a fabric the company needs for an upcoming line, the designer can put his hands on it—and save \$1 million.

In addition, because the Vertex system gives plants a better handle on new orders, design specifications and materials on hand, Elie Tahari has been able to shave one week off the three-month style creation and production process.

Still, after the system was installed earlier this year, Elie Tahari wanted additional features, such as a tool for recording changes in its initial designs. "We did do a fair amount of [software] modification," says Jason Epstein, the company's flip-flop-wearing chief technology officer.

Having a system to record changes is important to the design staff. When they receive a sample of a new jacket or dress, they often want to make changes to ensure the optimum look and fit of the garment. The system BMS delivered, however, didn't have an option for recording designer changes, such as shortening a hem or pulling in a waist.

Elie Tahari and BMS developed an area in the Vertex system

to record new specifications. Now, if designers notice that a jacket pocket is out of place or a dress sleeve is a little too long, they can make measurement notes in the system—and insert a diagram showing the manufacturers exactly what needs to be done—that become part of the order.

The addition gives manufacturers, according to Klein, "a visual tool—[they] understand what you want done."

Next up is the new warehouse management system, Manhattan Associates' WM.

WM will track garments when they arrive, when and where they're sorted and bundled for delivery to a retailer, and when they ship out. The system will let Elie Tahari managers know exactly where in the process an order stands.

Manhattan Associates' director of product development, Prashant Bhatia, says that based on his work with other customers, Elie Tahari should see significant savings with WM. By being able to quickly pull together all the jackets and dresses a client needs, companies can better plan shipments and avoid rush delivery charges. It's unclear what kind of savings Elie Tahari might actually see. But its merchandise is sold in 2,000 stores. A 50-pound UPS box can cost as much as \$200 extra for rush delivery. If the company avoids just one rush shipment each year to each store, it could save as much as \$400,000.

After the WM rollout, Klein says he would like to bring his systems closer together. He wants to see, in the next 12 months, a "dashboard" that would display information from both InSeam and Vertex so managers could compare sales and production information on the same screen.

Between that and the WM system, Klein and staff will probably stay busy well into next year. ◀