



Fingerhut

Direct Retailer Excels After Six-Week Implementation of the HighJump WMS

Company Profile—Fingerhut

Fingerhut is a 50-year-old household name in direct-to-consumer marketing, selling a broad selection of general merchandise. Products are marketed through catalogs and the Internet to millions of consumers nationwide. The company recently expanded its offering to include full third-party logistics services.

Challenge

After its previous owner decided to divest Fingerhut in early 2002, the company's assets were purchased by its former chairman and an entrepreneur. The goal of the new Fingerhut was ambitious—be back in business by the all important fourth quarter season. The challenges of this goal were significant throughout the company. The most critical challenge was replacing the old legacy mainframe operating environment with newer, more flexible systems that would accommodate a quick return to the marketplace without dependencies on the huge infrastructure required to support the previous platforms.

This included the simultaneous tasks of instituting both new front-end order processing and financial systems, and a back-end warehouse management system (WMS) that was cost-effective. The race was on.

“We needed to pay more attention to expenses,” said Loren Eggert, Vice President of Operations for Fingerhut. “When you become a big company, you can lose sight of the big picture. Historically we did everything to the nth degree—extravagant solutions for things that we should have re-evaluated along the way but didn’t.”

Having downsized from three distribution centers to one, reviving the efficiency of the remaining 1.2-million-square-foot facility in St. Cloud, Minn., was critical. It would require strong WMS functionality. Additionally, this system had to accommodate change quickly and cost-effectively, and interface with the new front-end systems. And it had to be implemented fast. “We do 60 percent of our business from October through the first week of December,” said Eggert. “We had to get the system up and running before Q4 hit.”

Rapid Implementation

Fingerhut selected a WMS from HighJump Software due to the proven adaptability of its platform and strong functionality. Six weeks later, HighJump™ Warehouse Advantage was up and running. Immediately after implementation, the system was processing 10,000 parcels per day. “Our best practices complemented with the HighJump WMS equals efficient execution. HighJump Software has proven that it can make changes happen with speed and effectiveness,” said Eggert. With the help of HighJump Warehouse Advantage, the company's distribution team had turned operations around just in time for the holiday season.

Solution and Results

HighJump Warehouse Advantage is integrated into Fingerhut's ERP and carrier database. Because of this, warehouse personnel and



corporate buyers all have consistent data regarding POs and timelines. This empowers inbound planning by shipment, shipment tracking to receipt dates, carrier compliance and access to accurate supplier PO/SKU information.

HighJump Warehouse Advantage tracks pallets received in the inbound staging area while capturing a full audit trail of labor during the receipts process. Fingerhut personnel are guided by the system to receive the actual inventory and reconcile the shipment, increasing overall inventory accuracy. Pallets are tracked by their unique license plate numbers, and put-away locations are determined and directed by the system.

“Throughout all of these processes, HighJump Warehouse Advantage updates the ERP in real time, which enhances available stock,” said Eggert.

The HighJump WMS optimizes put-away, guides operations personnel to specific locations, and confirms put-away in real time. “Fingerhut’s buying patterns are such that cycling inventory by FIFO is not as critical as reacting quickly to demand,” said Eggert. “HighJump Warehouse Advantage’s put-away directives empower warehouse personnel to link inbound supply as closely as possible with fulfillment, optimizing space and increasing the velocity of inventory through the facility.”

The HighJump system sorts orders in priority sequence using pre-defined templates, configured by Fingerhut’s personnel with the objective of adapting fulfillment to the company’s business needs. These templates can be used at different points in the year based on historical patterns of product sales.

Because of the system’s flexibility, unlimited options exist for how products are sorted. Fingerhut personnel can use its HighJump wave generation and order filtering capabilities to assist in the management of picking tasks and reduce labor hours required. “This wave management functionality allows us to build

optimized picking carts, each of which is planned discretely and tracked as a wave,” said Eggert.

Once the process of picking to carts is complete, the carts are moved and confirmed into pack staging areas. The HighJump containerization solution determines the precise shipping carton for each order. The size and mix of product are considered to result in damage-free, safe and economical packing. “The system sizes the correct carton and organizes the pack in a way that helps ensure customer satisfaction and reduces returns due to damage,” said Eggert.

“IT USED TO TAKE 400 HOURS TO CHANGE SOMETHING. NOW A COMPLICATED CONFIGURATION MIGHT TAKE 40 HOURS. THE FLEXIBLE PLATFORM IS WHAT HIGHJUMP SOFTWARE BROUGHT TO THE PARTY, AND IT HELPS US PROVIDE STRONGER SERVICE TO OUR CUSTOMERS.”

**-Loren Eggert,
vice president, operations**

When the packer confirms carton completion, an interface to the warehouse control system (WCS) is completed in real time. Using bar code scanning, the WCS recognizes each carton’s unique license plate, carrier and trailer, as well as its expected weight. The carton is scanned just before it goes across an inline weight scale which determines whether it is correct based upon the packer’s confirmation of SKU contents. Manifesting is managed by the system in batches with the final information regarding the order communicated both to the carrier’s manifesting and track/trace systems as well as Fingerhut’s order management and financial systems. “Through the interplay of HighJump Warehouse Advantage, the WCS and a high-speed outbound sorter, Fingerhut

is able to load and manifest high volumes of inventory virtually hands free,” said Eggert.

Additionally, the system’s flexibility has helped Fingerhut reduce costs and serve customers more efficiently. “It used to take 400 hours to change something. Now a complicated configuration might take 40 hours. The flexible platform is what HighJump Software brought to the party, and it helps us provide stronger service to our customers.”

Future Plans

Fingerhut expects to continue the 30 percent growth rates it has been experiencing over the past year. The company is expanding its Web strategy to take advantage of the low cost of order taking. “The Web channel has certainly grown. Consumers get catalogs, look at the pictures, and order on the Web,” said Eggert.

A second, equally important aspect of this growth is Fingerhut’s ability to now market the same efficiencies and cost-effective solutions to the third-party world, utilizing all the lessons learned during the Fingerhut startup. With more than 1.2 million square feet of processing space under one roof, Fingerhut has the systems and operational expertise to assemble and ship more than 40,000 parcels in a single shift operation. This includes not only the outbound shipping processes, but also the ability to efficiently manage returns processing using the same HighJump systems.

“We’re extremely proud of what we’ve accomplished,” said Eggert, “and just as excited about sharing it with new clients.”

