

# Technology & Business Insight - From Concept to Consumer

# Apparel

## An East Side Story

*A sophisticated warehouse management system accelerates Tory Burch's overnight emergence as a chic women's brand.*  
(4/17/2008)

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Issue Date: April 2008

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Tory Burch's whirlwind journey has taken her from an Upper East Side apartment where she once launched and operated her tiny, upscale apparel company, to the proverbial penthouse of the fashion world in just a few short years.

Burch, a onetime public relations professional in the industry, now oversees Tory Burch LLC, the vogue label bearing her own name. (Prior to releasing her own designs, Burch's history included PR tours of duty with the likes of Ralph Lauren, Vera Wang and *Harper's Bazaar*.)

The multi-channel Tory Burch business, which originated out of that East Side apartment dwelling in 2004, now boasts a dozen company-owned stores at high pedigree addresses across the country (including in New York, Los Angeles, Atlanta, Dallas and Chicago), impressive demand for her seasonal collections at other upscale stores and robust online sales.

In 2005 the Fashion Group International awarded Tory Burch the Rising Star Award for the best new retail concept. In 2007 the company was awarded the ACE Award for Accessory Brand Launch of the year in response to its newly introduced line of accessories. An on-camera endorsement from Oprah and growing international acclaim completes the overnight success story.

None of this could have happened, however, without moving product from Point A to Point B quickly, accurately and affordably.

### **FAST FACTS**

- **Brand:** Lifestyle collection of sportswear and accessories for women, designed to be available at accessible price points.
- **Design Inspiration:** Classic collection influenced by styles from the 1960s and 1970s.
- **Brand's Launch Date:** February 2004.
- **Web Site:** [www.toryburch.com](http://www.toryburch.com)

### **Third-party intervention**

Considering the company's humble beginnings, it would be logical to assume the distribution process grew organically. Instead Tory Burch turned to a third-party logistics company, State Warehouse Company (Statco) in Jersey City, New Jersey, as wholesale demands emerged.

Statco's facility, just one mile from New York City, offers 600,000 square feet of pick-and-pack space delivering fully automated order processing from receiving, picking, packing and labeling to shipping and invoicing.

Despite Statco's capabilities, Tory Burch's footprint is relatively small, according to Tony Miceli, director of distribution for Tory Burch. The fashion house is shipping 1.5 million to 2 million units per year but has attained particularly impressive sales over the past year. Miceli reports: "From July, when I started with Tory Burch, we have experienced consecutive months of 15 [percent] to 20 percent growth."

Miceli closely oversees Statco's efforts and has collaborated with the vendor to move from manual fulfillment to implementing the warehousing module offered by Fairfield, NJ-based RLM Apparel Software System.

"RLM handles everything in terms of the business: Packaging, order booking, production, accounting," Miceli explains. "It does have a warehouse management component but that really wasn't being used [because of Statco's capabilities]."

Miceli is entrusted with putting more of RLM's modules to work: "We're looking to automate and improve our systems," he adds. "Ultimately we'll open our own distribution center."

Statco went live with RF picking and cartonization for its footwear products in October 2007; Miceli says footwear was "the simplest [line] to automate because of the volumes and the intricacies of the cartonizations."

"Shoebboxes are approximately the same size so the dimensional values were consistent," he elaborates. "Skirts, blouses and swimsuits are more complex [to cartonize]."

In addition to footwear and ready-to-wear, Tory Burch's new line of accessories adds another level of complexity to the distribution equation. In early 2008, Miceli says, he "flipped on" the automated functions for the remainder of the line.

"We pick, validate and only scan [an item] once, then it goes into an automated manifest file ready to be shipped," he notes, estimating the process yields 60 percent labor reduction, improved accuracy and "measurably quicker" turnaround time with savings of "a day, day-and-a-half at least in getting to the dock."

Currently only outbound products are scanned, but moving forward, RLM's inventory component will be phased into operation: "Our goal was to get accurate with the customers first," he says. "Throughout 2008 we'll be layering in inventory, returns and receiving."

### **Rapid implementation**

Implementing a new system typically involves a great deal of customization, testing and training before going live. In this case, however, everything went smoothly, according to Miceli, who is aided by 40 years of experience in distribution.

"Actually there were no modifications" to the RLM system, he says. "We had some little minor complexities in developing cartonization. There were printers where the buffers weren't big enough so, if it ran out of paper, a few things were mislabeled. We had some dead zones in the [RF] antenna coverage around the warehouse ... We've had some curveballs but we never had a showstopper."

Miceli says that with RLM, a vendor serving several prominent apparel brands, his company didn't build a large database for testing. "We almost went live on the fly," he says. "But we are experienced users and being small helps."

New systems also require adapting new processes and new ways of doing business: "We trained the supervisory staff in more detail, basically the 'train-the-trainer' approach," Miceli says.

"At the supervisory level, the people at Statco have had previous experience with the [RLM] software so the scanning and picking devices we're using, and navigating through the screens, were all pretty routine." Tory Burch's picking staff of 20 to 30 people was trained in groups of 10.

As the Tory Burch company grows, Miceli anticipates using more of RLM's capabilities, though in a measured, careful manner. He says the same deliberate approach will hold true for other technological advances.

"We have high-end fashions, premium products," he says. "I don't see the need for using RFID in our future developments. We have our own retail stores. We sell to highend retailers and they're not needed for Internet sales. But you never know. Years ago, UPCs for apparel weren't a common thing."

While Tory Burch's remarkable growth over such a short period of time is a testament to the power of marketing and merchandising, it is clearly evident that its smoothly running distribution warehouse - located just across the Hudson River - offers vital support lurking just behind the scenes of New York fashion's glitz and glamour.

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