

## Case Study

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# Quiksilver.

The mountain, the wave and the warehouse.





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“You take the drop, put your board on an edge, you lean over, carve your first turn and look down the line. You're alive... nothing else matters. We are the mountain and the wave.”

It's not your average corporate mission statement. But then, Quiksilver is not your average corporation. Since its foundation in a 1960s Torquay garage, 'Quiky' has written its own chapter in Australia's national story.

The company's boardshorts and bikinis fast became as much a part of summer as sunburn, backyard cricket and visits to the beach. In the mountains, gnarly dudes got “Big Air” on Quiky snowboards while closer to sea level, the sponsored Tony Hawk rewrote the rules of skateboarding and sports superstardom.

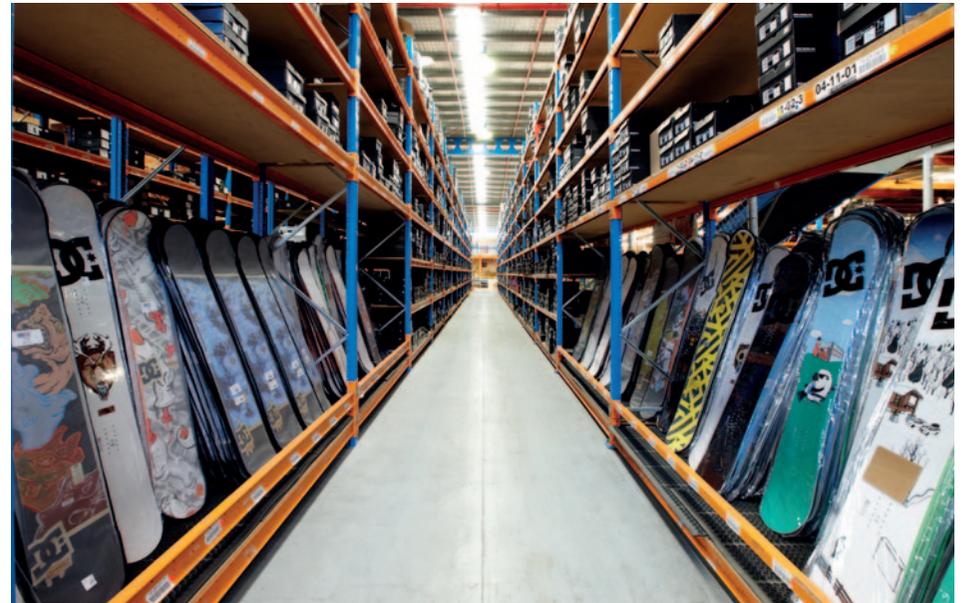
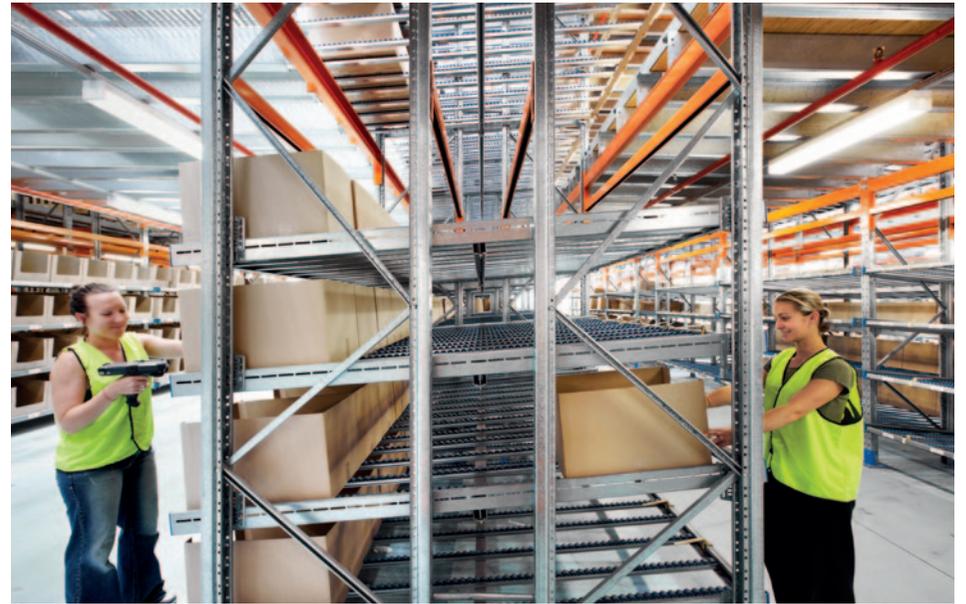
But by the mid 2000s, Quiksilver had become something of a captive to its own success and was growing at a rapid rate. This forced the move of some operations away from its spiritual Surf Coast home, opening a new National Distribution Centre

in Geelong's dockside North Shore.

With an eventual capacity of 22,000 square metres across three levels, this new facility was to act as the regional hub for the South-Pacific and set the company up for the next and necessary stage of growth. When Dexion was initially approached in August 2005 by Brett Delaney, the then national logistics manager, the facility was moving about 20,000 units a day. The goal was to increase this to 225,000 units a day.

But there were serious growing pains, as Jared West, Quiksilver's current national logistics manager explains: “The systems in place couldn't cope with the substantial growth of the business. When we moved to Geelong, everything was paper based. There were few links between internal warehouse divisions, which lead to problems with nearly one in eight deliveries. On top of that, moving to Geelong was a bit of a shock for many people internally.”

At Torquay, if the surf was up, it was tools down and into the water. While we had to grow and take advantage of opportunities,



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we also had to make sure we didn't lose the culture that made us Quiky. Brett and the rest of the management team worked very hard to ensure our culture was not eroded due to the move away from Torquay,” states Jared.

So what was the approach? “The first thing I did,” says Dexion's Simon Ingram, ‘was spend a lot of time on the floor. Walk in the company's shoes for a mile or two.

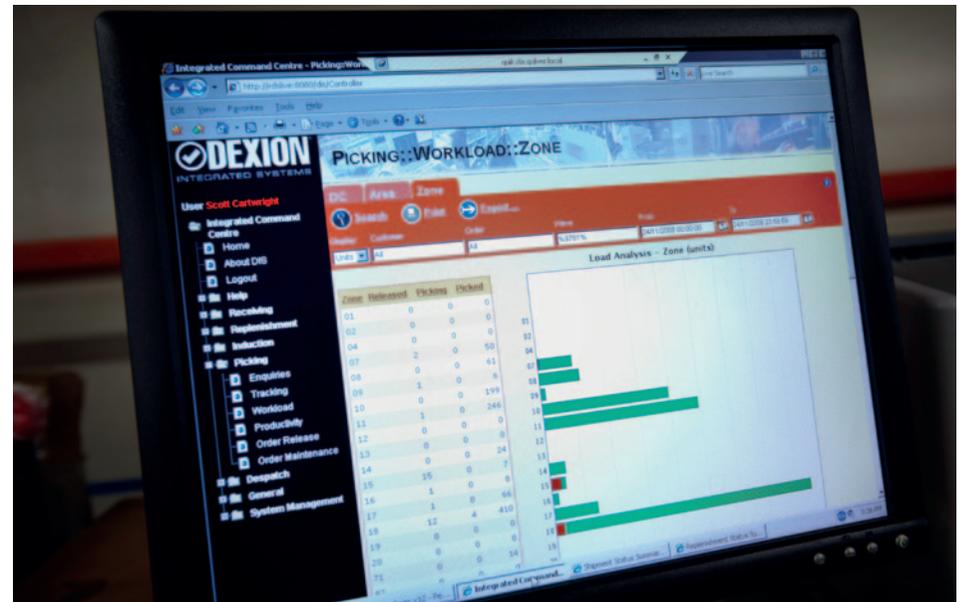
“It was important that we immersed ourselves in the Quiksilver culture. For any solution to be effective, it had to fit in with where the company had been and where it was heading. We worked very closely with the DC staff at all levels. The staff were great, happy to show you the current processes and learn the potential new technologies as they went.”

Challenge number one was to consolidate orders. “Quiky has three main product range seasons per brand annually,” explains Ingram. “There were also different product divisions: shoes, wetsuits, snowboarding gear.

Due to the paperbased systems, where orders were phoned in and printed on separate pieces of paper, there wasn't a lot of integration. “Sometimes there would be two or three separate deliveries to a single destination within a day or two of each other. It was not only inefficient for Quiksilver, but fiddly and frustrating for the retailers.”

The installation of Dexion's Real-time Distribution System (RDS), including RF handheld scanner guns, enabled a fluid transition to paperless operation and allowed data to be captured at the point of action. “By acting as a link between our people, the orders and Movex, RDS really unleashed the shackles as far as productivity and accuracy goes,” says Peter Small, Quiksilver's on-site IT manager.

“After commencing an order, RDS ensures that each shipper is conveyed to all required picking zones,” says Peter. “If something is missed, say because a lane is full, the order is simply re-circulated until all zones have been visited before exiting to sortation.”



“Pick rates almost doubled and order accuracy sits somewhere north of 99.6%.”

Dexion prescribed a 3-tier Carton Live Storage System for the facility, which, in addition to the overall racking profile, has the capacity for a potential 5 million units. Ingram explains. “Some, like the Kelly Slater range of boardshorts, leave as fast as they arrive. Others, like full-length steamers, take a little longer.

“To make the best use of the people on the floor, we had to gauge which were going to be the movers, and ensure access was easy and replenishment systems could keep up.” Dexion’s solution, coupled with the Lawson Movex system allowed transactions to be updated in real-time, producing some stunning results.

“Pick rates almost doubled and order accuracy sits somewhere north of 99.6%,” notes West. “And all this while achieving substantial reductions in overall operating costs.” Retail customers are delighted not only with the near-perfect accuracy of their order fulfilment, but also a revamped approach to packing information.

Dexion’s RDS generates bar-coded pack

lists that are attached externally, allowing Quiksilver to track the precise location of every order in transit and retailers to know exactly which stock is in which box. Something that can be immediately critical if there’s a fresh powder dump or a promising swell on the way.

The second stage of the Geelong DC went fully live in May 2009, when the global financial crisis was giving retail markets merry hell. But the new system proved itself capable of meeting these challenges, as West explains. “Given the increased operational efficiencies generated by the Dexion systems, we were able to adjust our throughput settings and adapt to this new environment really quite quickly. In fact, our express order turnaround now operates within a 24 hour fulfilment period,” West says. By improving pick accuracy to something near 100%, the company has also been able to turn its attention to its other great asset - its people.

As you walk through the distribution centre, most of the folk look dressed for



the beach: tank tops, skate sneakers and boardies abound. Battered old Malibus, waxed twin-fins and giant posters of surfing heroes cover the walls. In the staff car park, boards sit on roof racks patiently awaiting the end of the shift.

It’s clear that Quiksilver’s people walk the walk. They have a great team and it shows when you’re on site. “People who come to work here tend to stick around. Getting the systems right has freed us up to invest in training and multi-skilling, thereby

allowing those people to add more value to the place.

“The solution that Dexion’s team has designed intuitively understands the human spirit of Quiksilver, and the seamless way the two act together has allowed us to achieve some really great results.”

As our interview ends and the sun outside starts to cast long shadows across the neighbouring docks, West checks his watch. “Off for a surf?” I ask him. “No,” he grins sheepishly. “Golf.”