

Elie Tahari Ltd. Rides Technology to Grow Business

By Cate T. Corcoran



Jason Epstein stands on one of three Segways belonging to Elie Tahari, right. Left, Husein Jafferjee.

NEW YORK — When visibly pregnant T-21 designer Rory Tahari walks into Elie Tahari Ltd.'s showroom, Elie Tahari bends down and embraces her and kisses her stomach about 10 times. Then he straightens up and announces, "This is my wife!"

The designer of the Elie Tahari Collection is almost as enthusiastic in his embrace of new technology. He recounts how two years ago, when the company and its combined divisions were doing a volume of more than \$100 million, he convened a meeting of his executives and said, "Look guys, we can stay as a medium-sized company. Or we can be in the big leagues, but we have to change the way we're running our business and how we do technology."

That mandate led to the company searching out software that would help speed its designs to market. Enter Vertex Apparel Software from Business Management Systems Inc. Like other product life-cycle management programs, Vertex coordinates and automates business processes around design, production and distribution. It also provides a central place to store information about products that every department, as well as Elie Tahari's fabric suppliers and contract factories, can access. The company now has a view of its business processes as sweeping as the panorama from its founder's 48th-floor office on Sixth Avenue, where wraparound windows frame the Empire State Building and the far shores of New Jersey.

Product life-cycle software has been used in the manufacturing of hard goods, such as cars and airplanes, for more than two decades, but has only recently begun to infiltrate the fashion industry. The systems typically cost hundreds of thousands of dollars, or several thousand dollars per user.

Before installing Vertex, Elie Tahari relied on Excel spreadsheets, scribbled notes and hand-drawn sketches for everything from deliveries to fittings. That worked fine on an individual level, but it hampered companywide communication. Employees in search of crucial information waited for callbacks and return e-mails, and wasted time entering data into spreadsheets that other employees had already entered into other spreadsheets. Sourcing and production were even more difficult because of time-zone delays. Every order necessitated a flurry of e-mails and phone calls, but with Elie Tahari on one continent and suppliers as far away as China and Hong Kong,



A rabbit-fur vest and a chiffon blouse from the Elie Tahari Collection.



Vertex lets every department track a style from preproduction to distribution. Here, Elie Tahari's sample room.

Elie Tahari began installing Vertex in late 2002, and the rollout is now about 80 percent complete, with a few factories and mills still to go. A company representative is traveling through Asia connecting the factories and providing training.

To pump up enthusiasm for its plans, Elie Tahari held a conference in New York with the owners of all its factories last year. "This is something that benefits both them and us," said Jason Epstein, Elie Tahari's chief information officer. "They're busy, they want to make money and they don't want to slow down the production cycle any more than we do."

It is not unusual for such large projects to take several years to implement fully, especially when modifications are necessary. Elie Tahari altered the software, originally developed for Ellen Tracy, to better fit its business processes, said Epstein, who joined the company last year after selling a technology consulting company he started in San Francisco. Despite the changes, the company can still use updates from BMS, and costs were in line with what Elie Tahari expected, Epstein said.

Elie Tahari will continue to roll out updates and additional software modules for increased functionality over the next year. Already, the new software has shaved at least a week off production time, said Husein Jafferjee, who recently stepped out of the chief financial officer role at Elie Tahari to oversee operations. Because of the shorter lead time, the Elie Tahari team can spend more time designing, work closer to deadline and be more up to date on trends, explained Epstein.

At Elie Tahari, one style will touch several departments, including design, piece goods, trim, finance, costing, imports, factories and the distribution center. So all those departments need to share and update data. For example, the production department has to know when a style leaves design and goes into technical design. Likewise, Elie Tahari's factories need to know when raw materials will arrive so they can plan their production. Now they can look at Elie Tahari's trim reports and see when the purchase was made and what the expected delivery date is. During the sample process and later in production, the factories can answer any questions they have about how to produce the style correctly by looking at Elie Tahari's design details and fit notes. Sketches and photographs are included in the database.

"Everything ties together," said Epstein. "Now, with Vertex, each person has to only worry about their part of the puzzle, and the system presents the whole case for them. It eliminates a lot of work people had to do."

Information is typed into the system once. "By adding your piece to the system, the information is available to the next person," Epstein said. It's more efficient and it helps improve accuracy, he said.

The system also handles purchasing and inventory, which Elie Tahari anticipates will help cut costs. For example, the trim

department used to buy trim individually for each style because it was on tight deadlines to complete each one. Now Vertex identifies all the same items the company needs for a single season or shipping group. Vertex enables the company to automatically calculate a bulk purchase for the trim, and the company can negotiate a better discount because it's buying in bulk. Vertex automatically determines the allocation and distribution of the trim to each department, and prints out a report showing where the trim should be sent. The system also keeps track of all the raw materials in inventory, which should help make the company more efficient and cut costs by making better use of the materials it already has on hand, said Epstein.

The company hopes to save 1 percent on raw materials over the next 12 months, which could save Elie Tahari more than \$1 million, Epstein said.

The company will add three new software modules to the system over the next year. One will provide a place for more elaborate fit notes than the current system allows, another will track the status of imports and a third will track production in the factories. Right now, the factories can view the data from Elie Tahari that's relevant to them, but Elie Tahari can't yet see what the factories doing. When the production tracking module is put into place, the factories will update the software when they receive raw materials, start cutting an order or ship an order, so Elie Tahari will know exactly where they are in the production process without having to call or e-mail.

Other IT projects the company plans include more elaborate reports and business analytics, which the Vertex repository of data will enable. For example, the company will be able to plan future collections based on more detailed sales and manufacturing data from previous seasons, and can set up automatic alerts to avoid costly missed deliveries. The company also plans to revamp its e-commerce site, which is profitable, and will automate its warehouse using a system from Manhattan Associates Inc.

Thanks to Vertex, the company anticipates being able to grow by more than 20 percent next year without adding many new positions, said Jafferjee. Or, as Tahari put it as he leaned back in a chocolate velvet-covered chair and surveyed the breathtaking view, "If we intend to grow and be a billion-dollar company, we have no choice but to implement this technology. Once it's implemented, you can do magic with it."