

CASE STUDY



American Signature Inc.
Combats Labor Market Challenges,
Partners with TZA



AMERICAN SIGNATURE, INC.

The Customer

American Signature, Inc. is comprised of two brands—Value City Furniture and American Signature Furniture—which share one powerful mission statement: We believe everyone has the right to a well-furnished life. The family-owned business started as four brothers selling furniture out of the Schottenstein's Department Store basement in Columbus, Ohio, in 1948. It has since grown to more than 110 stores and 4,000 team members.

The Challenge

Like most companies in the distribution and manufacturing industry, American Signature, Inc. faces increasing labor market challenges. Economic growth, a shrinking labor pool and an impending global workforce crisis means that attracting and retaining employees has become increasingly difficult.

In addition, the furniture industry requires labor-intensive distribution centers. But the effort needed to move bulky furniture—which comes in a broad range of categories and sizes—makes the job less desirable.

"You name the major retailer—Amazon, DHL, Eddie Bauer—and we're within two to three miles of them," said John Hermiz, Director of Distribution and Transportation at American Signature, Inc. "We're all competing for the same shrinking workforce, and it's critical for us to differentiate."

American Signature, Inc. was also using a single-determinant, cubes-per-hour standard, and as a result, actual product size and weight weren't considered when measuring KPIs, leaving the company short when it came to accurately measuring employees' productivity.

The combination of all of these challenges resulted in a 75% employee turnover rate and significantly drove up labor spend.

The Solution

After consulting with multiple Labor Management providers, American Signature, Inc. chose to partner with TZA, and began using ProTrack Labor Management Software to meet their labor management needs. ProTrack was first implemented in a single distribution center, and the program was then rolled out to a total of four locations over the following eight months.

"The entire American Signature team was very impressed with the initial presentation," Hermiz said. "There was an instant connection between our teams. TZA seemed like a company that knew what they were doing and had a solution that fit for us."

The Results

American Signature, Inc. has seen significant improvements in productivity, utilization, processes, supervisor capabilities and associate engagement since implementing ProTrack. With the program, cubes-per-hour improved 15%, supervisor development and associate engagement improved as well – TZA's leadership training and ProTrack data gave visibility to what the company was lacking, leading to an increased ability to fully coach associates.

"We're really able to understand our business better with the data and analytics provided by ProTrack," Hermiz said. "It's helped us to lean out and eliminate non-value activities. Without question, we'll always be able to use that information."

"We never had the data, but once we had it through ProTrack, we could take everything into consideration. It made all the difference in the world. We were able to provide [associates] data and look at the facts. Certainly, an adjustment to get used to that but it was a huge win right out of the gate," he added.

In addition, indirect time was more accurately captured and handled. Several discoveries helped improve processes and reduce time to perform tasks, like the time it takes to shut down a shift. In reference to indirect time, Hermiz noted that, "It's real, it's part of our operations, always has been and always will be. Unquestionably, we'll always be able to use that information."

The Future

Throughout its history of over 70 years, American Signature, Inc. has seen tremendous growth – even making Forbes' America's Largest Private Company List. It won't let labor market challenges slow it down and will continue partnering with TZA to keep a competitive advantage.

With TZA by its side, the company plans to roll out a pay-for-performance incentive program and maintain continued improvements beyond the initial ProTrack implementation.

"ProTrack has been everything we hoped it would be to help make us more efficient, be better coaches, and better hold people accountable," Hermiz said. "It's really been the whole package."

Challenge

- Establish marketplace differentiation to combat labor market challenge
- Attract and retain skilled workers
- Gain visibility to better understand and manage business
- Develop supervisors into effective coaches and performance managers
- Reduce labor costs to maintain mid-range retail price points

Solution

- Implement ProTrack Labor Management Software
- Deliver leadership training for front line employees and middle management
- Define and implement industry best practices and performance metrics
- Establish a high-performance culture

Results

- Increased cubes-per-hour by 15%
- Reduced overall labor spend
- Discover detailed, actionable real-time business data and analytics
- Improved supervisor capability and associate engagement