

CUSTOMER SUCCESS STORY

# Franklin Sports

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## COMPANY OVERVIEW

Franklin Sports, founded in 1946, is a third-generation business. The company, headquartered in Stoughton Massachusetts, is now headed by Adam Franklin. Mr. Franklin's goal is to grow the business substantially.

To achieve that, Franklin Sports supply chain needed to be improved significantly. Sporting Goods companies must be able to support dramatic changes in demand and fast-growing new business lines. For example, pickleball has been the fastest growing sport in America for 3 years. Over that span the sport has grown by almost 160% per year. Without an efficient supply chain, a company can't meet the demand that exists, and competitors swoop in and grab market share. Or, alternatively, a company carries too much inventory, storage for excess inventory must be purchased, and cash flows become tight. A fast-growing line for Franklin Sports is pickleball.

Franklin Sports sells branded products as well as coming up with new branding concepts. Many Franklin Sports products carry official sports logos – MLB, NHL, NFL, MLS logos, and of course USAP (USA

Pickleball). An example of a branding concept involves the work the company did with Kerri Walsh Jennings. Ms. Jennings is an American professional beach volleyball player and three-time Olympic gold medalist. They are selling 4 different volleyballs that are stamped with Ms. Jennings' name.



## THE FRANKLIN SPORTS SUPPLY CHAIN

A large part of their kitting business involves the sale of basketballs, footballs, soccer, or playground balls. The finished products are then ready to be shipped to big box retailers like Target, Dick's Sporting Goods, Walmart. They also ship to Amazon to support ecommerce sales.

40% of the finished goods are shipped directly to retail clients by their contract manufacturers. The rest flow into their distribution and kitting center. This warehouse provides inventory storage for goods not yet ordered that will ship later.

## MODERNIZING THE FRANKLIN SPORTS SUPPLY CHAIN

Becky Jordan was brought in two years ago to modernize Franklin Sports' supply chain. In addition to working to improve the Franklin Sports supply chain, she and her team needed to cope with the lengthening lead times created by COVID. Ms. Jordan's work history included stints at Adidas and Reebok, so she understands not just supply chain management, but how sophisticated multinationals have applied these concepts in the sporting goods industry. Ms. Jordan oversees a team of eight that does the demand, inventory, and production planning.

When she joined, Ms. Jordan believed that the most important thing that needed to be changed was to make the forecasting process simpler and more dependable. Prior to her arrival, "there was no set calendar for the buying process."

Ms. Jordan, the senior director of supply chain management, also needed to create a demand planning team capable of creating a statistical forecast based on historical shipment data. Initially, Ms. Jordan formed a team of demand planners and introduced the concept of sales & operational planning (S&OP).

S&OP is a collaborative process that balances supply and demand on a set schedule. In their new process, Franklin Sports buyers can only submit orders to their manufacturing partners one week of the month. For the first two weeks of the month, the forecast can be

continuously changed by the sales team. In the third week, the demand planning team creates a statistical forecast. Finally, in the last week the inventory planning team executes the buys. Prior to this process, Ms. Jordan continued, "we were in a constant chase mode of trying to buy and then pull goods forward." S&OP forecasts are not just for the coming month but go out many months.

The sales team spends a lot of time changing the forecast for the coming month. These changes can be based on new marketing programs, product introductions, or significant increases or decreases in demand.

Making demand forecasts that go out over an extended period of time may seem absurd to people outside the supply chain profession. But Ms. Jordan said that the "12-month, 24-month, 36-month horizon allows us to plan in a more robust way how we are going to manage our warehouse space.

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—Becky Jordan, Senior Director of Supply Chain Management

It will also improve our collaboration with manufacturing partners;” collaborative factory capacity planning “is one of the endeavors we will kick off later this year,” Ms. Jordan explained.

To support the new S&OP process, Franklin Sports began implementing a demand and inventory planning solution from GAINS in late January of 2022. The implementation took about nine months. Franklin Sports has been using the solution for 6 months.

Ms. Jordan said that the GAINS solution uses “very robust algorithms to determine which forecasting methodology” will produce the best forecast with the least amount of risk.

Franklin Sports has gotten real benefits from GAINS. “One of our key indicators is our ‘order cuts,” Ms. Jordan elucidated. “The way that our customer service operation works is that when we receive an electronic order from a customer, if we do not have the ability to fulfill it in full,” the order is reduced based on the amount of inventory that is available. “Our cuts have been cut in half.”

“Utilizing GAINS has given us intel on the items that are really fueling our business. It’s increasing our forecast accuracy. Now, we’re right sizing the inventory. We’re fulfilling in a much more robust way.”

Better service is fueling growth. Despite the potential for an economic downturn, which is leading to more cautious buying from retailers, sales have increased 15%.

## PATIENCE, PATIENCE, PATIENCE

Achieving this was not easy. To grow the business, the demand and inventory planning process had to be improved. But Ms. Jordan described that in this small family run business, where “many folks have been working for a very long time,” these people have only known one way to operate – “the Franklin way.” Changing the process involves “taking a step back and understanding their point of view.” Employees needed to be educated about the benefits that the new process would have for growing the business.

Culture change can take longer than executives who have worked in faster paced companies are comfortable with. “I’ve learned,” Ms. Jordan sighed, “patience is a virtue – patience, patience, patience.”

At many companies, a new S&OP process leads to conflict between the sales team, which wants just-in-case inventory, and the supply chain team. The Franklin Sports demand team took the statistical forecast and blew it out to show forecasted sales at the category level, and then also at the account level. They then showed what the warehouse was capable of shipping during a month. This, Ms. Jordan exclaimed, was “eye opening for the sales team.” Higher inventory levels would not lead to higher sales. The sales team now understands “the constraints that are at play. They are coming around to a more comprehensive view of what the business needs to do.”

## SECURING THE PICKLEBALL SUPPLY CHAIN

Today, Ms. Jordan said, there is better collaboration. “We’re seeing significant growth in our pickleball category. We want to make sure that we’re protecting that category from an inventory perspective.” The sales team might want a forecast that leads to a 500% increase in inventory. This is neither viable nor good for the business. “We show sales, here’s what our plan looks like. Here’s how much we grew in Q4 (the fourth quarter). Here’s how much we grew in Q1. Here’s what the statistical forecast is telling us for growth in Q2 of this year. Let’s come up with a happy compromise to meet in the middle.” The forecast would ensure that hot items for big accounts are “100% protected. Then we’ll come up with a compromise for the tail (smaller retailers). It creates a collaborative plan, but all of us have a hand in the process.”

Over time forecasting and collaboration is getting better. The company now knows

that for several categories and accounts, the statistical forecast is better if the sales team does not adjust it. They also know that without the input of sales, the forecasts for significant growth items – like the pickleball product category – would be worse.

Pickleball is Franklin Sports’ fastest growing product category. “We’re making solid traction,” Ms. Jordan enthused. “Our pickleball is now the official ball of USAP. It’s being used in a lot of the tournaments that are happening around the world. This is a really big win for us. That ball is currently being sold in over 40,000 brick and mortar stores throughout the US.” It is fair to say, Franklin Sports’ new sales and operations planning process is helping to secure the pickleball supply chain.

## RESULTS & BENEFITS

- ◇ Sales have increased by **15%**
- ◇ Order cuts have been reduced by **50%**
- ◇ Their pickleball is now being sold in over **400,000** brick and mortar stores in the US and is the official pickleball of the USAP

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