

INDUSTRIAL DATA PROCESSING APPLICATIONS REPORT

Applications Billing, Order Processing, Production Control, Sales Control
Type of Industry Women's Wear
Name of User Leslie Fay, Inc.
Wilkes-Barre, Pa.

Equipment Used IBM 1401 Computer
IBM 1402 Reader/Punch
IBM 1403 Printer

Synopsis

EDP at Leslie Fay is a continuing effort. The present system, centered around an IBM 1401 computer, was preceded by a pair of IBM 402 accounting machines. Further expansion of EDP at Leslie Fay will include an IBM 360/20 computer that is to be installed in the near future.

Leslie Fay, one of the leading firms in the women's wear business is using the present system to provide immediate, comprehensive control of all sales and production activities.

Inputs to the system come from four major procedural areas: billing, orders, production and goods produced. The punched card data created in these areas underlies all company's sales, inventory and production control routines.

Conversion to EDP has reduced the delay between the time that handwritten reports of sales are sent to Wilkes-Barre, Pa., and the resulting reports are received in New York City. In addition, projection reports permit management to make weekly re-evaluations based on current information.

For the future, the use of data transmission equipment is actively being considered to provide a communications link between Wilkes-Barre and New York City.

"We would not care to run a business of this size without the accurate and up-to-date records provided by our EDP installation," say Fred Pomerantz, chairman of the board, and Zachary Buchalter, president of Leslie Fay, Inc., New York City. This statement expresses one of the major benefits which automation holds for executives in the women's wear business. Leslie Fay is one of the leading firms in this highly competitive industry and few other concerns have such pressing needs for prompt, comprehensive control of all sales and production activities. To achieve this control, Leslie Fay now operates an IBM 1401 computer installation at its main plant in Wilkes-Barre, Pa. This equipment produces the many detailed management documents which report on every phase of company activities and permit determination of sales trends and salesmen's coverage.

Leslie Fay, Inc., is a major manufacturer of a diversified line of moderate and better priced dresses, suits and coats, whose retail prices range from \$20 to \$125. Sales for the year ending April 30, 1965 were in excess of \$30 million against \$21.2 million the preceding year, and are expected to rise to \$40 million in the near term.

The company's line is produced and sold by nine of its divisions. The cutting plant and distribution center for the five divisions are housed in the Wilkes-Barre, Pa., building, which also accommodates Leslie Fay's administrative offices, accounting and auditing department, and data processing equipment. In this 80,000 square foot plant, the company operates modern pattern making, spreading and cutting equipment and is able to cut more than 35,000 garments per week, virtually the entire requirement of its 12 New Jersey and Pennsylvania factories, even during peak manufacturing periods. Similarly, the use of modern storage, handling and packaging equipment in the distribution center permits rapid and efficient inspection, sorting, packaging and shipping of finished garments to customers after they are returned from the factories following sewing and pressing.

Leslie Fay also operates a knitting mill in Lincolnton, N. C. This mill which went into operation in mid-1964 is equipped with modern double-knitting production equipment and enables the company to control quality, reduce raw material costs, and offer the consumer exclusive pattern designs that are not available from other manufacturers. This venture, the company's first into vertical integration, has been so successful that it is operating three shifts a day, seven days a week. In spite of this operation, production is still inadequate to meet demand, and a plan has been approved calling for 100 percent increase in the mill's capacity.

EDP at Leslie Fay

Data processing equipment was first acquired by the company in 1960 in the midst of a spectacular expansion in which Leslie Fay's sales increased by 81.5 percent from \$9 million in 1959 to \$16.3 million in 1963. The equipment, centered around an IBM 402 accounting machine, was installed primarily to handle the rising tide of paperwork caused by the company's expansion. Its primary function was to fill management needs for up-to-date information, particularly to produce a daily Cut-and-Sold report for coordination of sales and cuttings, and to do so at a lower clerical labor cost.

At the time that the first IBM 402 was installed, the company had a yearly volume of \$10 million, substantially above the \$8 million yearly figure then estimated as the level at which machine data processing became economical for the apparel industry. As Leslie Fay's volume of business continued to grow, the equipment's capacity was outstripped, and a second 402 was installed. Then as sales volume, and the consequent paperwork, grew even greater, it was decided, after a study conducted by Walter I. Leiter, Leslie Fay vice president and comptroller, that further expansion of the electro-mechanical installation was both economically and technically impractical. Conversion to computer processing, however, would provide the firm with sharply upgraded machine capabilities while assuring a reserve capacity to handle future expansion.

The IBM 1401 computer that was selected has a 4,000 character core capacity. Its system configuration includes a 1402 reader-punch, and a 1403 printer. The system is operated six days a week. Manning it is a staff of one supervisor programmer, one assistant supervisor, three tab operators, six keypunch operators and two clerks. Several of these employees were trained by the com-

puter manufacturer who also provided Leslie Fay with substantial assistance in the equipment's installation and preliminary programing.

The 1401's main function is to process inputs created as a result of the company's sales and production activities to provide a Cut-and-Sold report and the many daily and periodic reports needed for management decision. These inputs are received from the company's Leslie Fay, Leslie Pomer, Joan Leslie, Briarbrook, Ricano, Leslie Juniors, Normay, and Andrea Casuals divisions. Carlyle Dress Corp. is installing its own 403 in St. Louis.

The Leslie Fay System

Inputs to the Leslie Fay system come from four major procedural areas: billing, orders, production, and goods produced. The punched card data created in these areas underlies all of the company's sales, inventory and production control routines.

Billing procedures begin when orders are taken at Leslie Fay's sales office in New York or by salesmen in the field. Handwritten reports of what customers have bought are sent to Wilkes-Barre that night. When this information is received, a card is keypunched for every dress ordered, coded to indicate the buyer's account number, order number, and the dress style, color, size, and date of order booking, as well as delivery date of dresses. At the end of each working day, these cards are run to tie in with a handwritten summary of orders from the New York sales office and to check that all orders are accounted for. The cards are also used to tabulate the Sold portion of the daily Cut-and-Sold report.

The processing of the cards punched for each order provides input for various sales-by-style reports. As styles for more than one season may be ordered at the same time by the same customer, the reports list orders by season and shipments by month.

Constant order information, including the salesman's number and location, is also punched into the customer header card. This facilitates the production of booking comparison reports which measure performance by accounts and salesman.

After being run, the cards are filed by style number and account number in the shipping department. With them are filed customer folders containing prepunched header cards coded with constant information such as the customer's name and address. When a shipment of dresses of a particular style is received from the sewing factory, a list of all customers who have ordered that style is run on the 1401 and sent to the shipping department. Ideally, the shipping department will have been notified by the factory one day in advance of the shipment's arrival. This will have permitted the advance production of the customer list. In shipping, this list is used to guide hand picking of individual dress cards and customer header cards to match orders outstanding. These media are then sent to the computer room to provide input for production of customer invoices. Later, as the dresses are picked and boxed, the invoices are packed along with them.

A by-product of invoice preparation is the production of one Invoice Summary Card for each customer shipment. These cards provide input for printing of a daily Shipments by Customer report. Other statistics for which billing procedures provide input are weekly, bi-weekly, monthly, quarterly, semi-annually, annually and special reports on returns, shipments, salesmen's commissions, sales analysis by customer, region and salesman, and style performance.

Production data is created when cutting orders are received and piece goods are sent to the cutting department. This department prepares a cutting ticket for each style, identifying the style,

sizes and colors, and sends it to data processing. A card is keypunched for each ticket, and the cards are run to provide the Cut part of the Cut-and-Sold report.

Analysis by the sales department of the Cut-and-Sold report, in turn, results in "proposed cutting" instructions which are sent to the piece goods department. Upon receiving the instructions, this department either sends the fabric to the cutting department or advises the sales department of inventory shortages leading to reevaluation of the amount of fabric to be bought or new purchases.

Production and cutting data supports the weekly preparation of a report of a Perpetual Inventory of Work in Process, Finished Goods and Goods To Be Shipped report. This report covers all styles produced and the departments concerned in their production. It permits the determination by style of how much work remains to be processed at each handling stage.

Produced cards, one for each style in a shipment, are prepared when dresses come from a sewing factory. These cards provide input for a report listing by style: Cut (in process); Shipped (cut of inventory); Produced (finished goods received but not shipped).

Results and Future Plans

The prosperity of a garment manufacturer depends, more than in most other industries, on the effectiveness of the concern's sales control. It was to optimize this control through the availability of detailed management information in the shortest possible time that Leslie Fay converted to EDP. This conversion, company management declares, has been successful. Only one to one-and-a-half days delay occurs between the time that handwritten reports of sales are sent to Wilkes-Barre and the resulting reports are received in New York. Company salesmen and executives are thus always provided with timely business information. Also, it has now become normal for them to check these reports when taking orders. They can thus check on which customer has or has not bought a certain style, in order to determine trends and guide their sales efforts.

The initial delay at the start of a season between taking of the first orders and their fulfillment through delivery ranges from one to one-and-a-half months. These orders provide computer data for projections of future sales and production. The projection reports permit management to make weekly reevaluations based on solid information, rather than sole intuition. Also, they present data which is instantly usable.

As deliveries are made, reports are prepared on the 1401 in Wilkes-Barre and promptly sent to New York. EDP has thus proved to be a useful tool with which to coordinate sales and production at Leslie Fay.

EDP's impact has also been strongly felt in the billing area. "We no longer must cope with improper extensions in billing," says Buchalter. "Formerly all had to be manually checked before any bills were sent out." This is an important achievement in view of the firm's continuing expansion. Buchalter estimates that from 350 to 500 man-hours a week would be required to handle billing manually for only 50 percent of the company's present business, and chances of human error would be far greater.

Leslie Fay presently uses about 36 hours a week of computer time. Its EDP effort, however, is a continuing one, and new applications are being developed to fill the entire IBM basic schedule of 174 hours a month. One such recently developed application is sales costing. The standard cost of each style is now determined automatically to permit a monthly determination of gross profits from

LESLIE FAY, INC.

REPORT FREQUENCY	INPUT PROCEDURES			
	Billing	Orders	Production & Cutting	Produced
DAILY	Sales invoice billing	Sales orders by styles		
	Credit invoice billing Shipments by customer	Summary of units sold, returned, cancelled, etc. , by style.		
WEEKLY	Units returned by customer and style	Booking comparison by: Regular accounts Major accounts Road salesmen New York City salesmen Average unit sales and \$ sales per account		
	Perpetual inventory of work in process, finished goods and goods to be shipped -- cutting register.			
BI-WEEKLY	Shipments by style showing gross profit and markdown	Reorders by style, customer and color		
MONTHLY	Commission salesman reports Sales analysis by customer and state shipments Returns by customer: style and reason Shipments by style			
QUARTERLY	Sales analysis by customer and state Sales analysis by salesman	Piece and finished goods inventory		
SEMI-ANNUAL & ANNUAL	Six-month sales analysis Units returned by reason Units returned by customer, style and reason			
SPECIAL	Name and address listing of all customers by state	Special selling reports by style and customer List open to ship file: by customer by sizes and color Analysis of shipments by buying office		
	Road salesmen reports.			

the Shipments by Style report. Leslie Fay is also considering setting of a separate EDP installation in a wholly-owned fabric plant for production control and projection.

Other applications, using other equipment, include one in which a Burroughs Sensimatic accounting machine is linked to a keypunch. In this application, a tab card coded to indicate the budget allocation will be made for each disbursement or prepared company check, thus permitting machine analysis of cash disbursements and purchases.

The use of data transmission equipment is also actively being considered for the future. A link over open lines between Wilkes-Barre and New York would permit the duplicate production of up-to-date reports in New York as they were being processed by the 1401 in Wilkes-Barre. In this way, the salesmen at the New York office would receive vital sales information even more promptly and would be better able to support Leslie Fay's continuing expansion in a highly competitive industry. Leslie Fay has on order a 360/20 IBM computer. Installation is expected by the middle of 1966.