

## GUESS Goes Digital

During the 1980s and early 1990s, GUESS dominated the designer jeans and casual clothing market, but by 1997 the company was gasping for air. It had started out as a family business but had mushroomed into a corporate empire that had become difficult to manage. Competitors such as Levi's and the Gap sharpened their designs to grab GUESS's market.

At that point, Paul Marciano, the company's cochair and cochief executive officer called for overhauling GUESS from head to toe. Marciano cut the workforce by 6 percent, shifting three-fourths of production from domestic to overseas plants. He set an ambitious sales target to triple sales to \$2 billion by 2003. He also turned to the Internet to help him keep cost low while increasing sales.

GUESS launched a major initiative to shift its internal and external business processes to the Internet. Working with Cisco Systems, GUESS replaced a tangle of outdated networking equipment with up-to-date standardized technology. With the help of software vendors PeopleSoft and CommerceOne, GUESS created an Apparel Buying Network for GUESS's suppliers and 1000 independent retailers in the United States and many other countries. Store buyers could order merchandise directly from GUESS by entering their purchases on a private Website called ApparelBuy.com, which is integrated with GUESS's core order processing systems. Users can track their orders through fulfillment or delivery any time of the day or night. The ApparelBuy.com system features software to maintain an on-line catalogue and to integrate information from sales, inventory and other business functions. ApparelBuy.com can detect order errors by checking catalog product numbers, correct the orders, and avoid shipping the wrong products, cutting down the number of returns, GUESS used to take one to two weeks to place and receive orders using manual, paper-based processing. With its new system, GUESS reduced its order process to one or two days and cut warehouse operations staff from 350 to 110 people. Apparel.com is open to other companies in the fashion industry, including GUESS's competitors.

GUESS maintains a public Website for retail customers called GUESS.com, which offers product catalogs and the ability to order merchandise on-line. This e-commerce site generates as many sales as one of the GUESS flagship stores, and GUESS expects sales to grow even more as it offers more merchandise on this site. GUESS established [www.babyguess.com](http://www.babyguess.com) and [www.guesskids.com](http://www.guesskids.com) as e-commerce sites for retailing infants and children's clothing and accessories.

GUESS is also using Internet technology to streamline its internal business operations. GUESSExpress is an internal private network based on Internet Technology that is used for purchasing supplies, reviewing architectural plans for new stores, making travel arrangement, and broadcasting message to managers about operating instructions and company and industry trends. Employees can use GUESSExpress to access their benefits records on-line and make changes to their benefits plans.

All of these systems will eventually replace most of GUESS's telephone and fax-based processes. Management believes these systems will increase revenue and decrease costs by providing more efficient supply chain management and customer service while reducing internal administrative expenses. GUESS management is counting on the Internet to change the whole backbone of how the company does business in the twenty-first century

**Sources:**

1. Thomas York, "Perfect Fit", *Cisco IQ Magazine*, January/February 2001
2. GUESS Annual Report, March 20, 2000
3. [www.ApparelBuy.com](http://www.ApparelBuy.com)
4. Kenneth C. Laudon and Jane P. Laudon, *Management Information Systems: Managing the Digital Firm*, Prentice Hall 2002