



## Leading Retail Distribution Center Gets Re-vamped with Three VLMS

### Features and Benefits

Saved 80% of wasted floor space

Increased productivity by 40%

Reduced labor costs

Flexible system allows for future changes

**Industry Group:** Order Fulfillment Solutions (OFS)



One of the world's leading Retail Perfume Distribution Centers, located in New Jersey, needed a new approach to their overall process once they decided to consolidate all distribution into their existing facility. Through their brands the company designs, produces and distributes high-quality personal luxury goods, they also directly operate stores in the major markets throughout the world. "We merged 200,000 square feet of operation into our existing 100,000 square foot facility. We needed something simple, but very effective, to meet our space and productivity requirements," said the vice president of operations. Those requirements were met when the company implemented three VLMS, inventory software and pick-to-light flow rack into their merged building.

The company went from hiring almost 100 temporaries in their peak season, sending ten people to pick the exact same SKU for ten orders; to having one picker to pick it all from the VLMS. The company moved the fastest moving SKU's into pick-to-light flow rack and the slower movers into three VLMS. By doing this they were able to reduce their labor costs and increase productivity by 40% while saving up to 80% of otherwise wasted floor space. The three VLMS provided approximately 1800 feet of accessible storage space in a 210 square foot footprint.

"We calculated an 18 month ROI (return on

investment) for the VLMs based exclusively on labor savings. In fact we are realizing an additional 40% increase in productivity and some days even up to a 100%. The decision to implement the VLMs was an easy choice based on the labor savings. The space savings and daily productivity gains were a bonus.” said the VP of operations.

The Perfume Distribution Center picking area is broken into five zones connected with smart conveyor which routes the orders to be picked and pulled directly into shipping containers. The first three zones use pick-to-light flow rack. Three VLMs make up the next zone and the last zone is the double scan area which uses shelving and double bar code scanning verification for additional security due to those items cost and value.

When the orders are completed within a zone, they are passed to the next zone automatically, “Each order will go to the zone that contains the SKUs required to complete that order, automatically bypassing unnecessary zones to increase the system’s efficiency,” operations manager states. Orders that are directed to the VLM zone are picked in batches of ten. The operator simply scans the barcode on the shipping container label and marries it to a position on the batch station. When the batch is ready to be picked, a VLM’s tray is automatically delivered to the pick window. The indicator then tells the operator which SKU and what quantity to pick. “We weren’t able to batch pick in the old RF and shelving system. We would send ten people to pick the exact same SKU for ten orders. Now one person picks it all at once from the VLMs.”

“When everything was in carton flow, I had pickers passing hundreds of less used SKU’s to find the one item that they really needed. “ The VLMs automatically deliver the item that is requested to an ergonomically located pick window. The three machines are comprised of trays stored on both sides of a column with an inserter/extractor platform operating in the center. The items are on trays which are divided into six, eight or 16 sections. This gives the perfume retail business the ability to store new products that can be stocked, picked, packed and shipped.

Not only did this perfume retailer see their distribution center reduce the labor costs, increase

productivity by 40%, and save 80% of otherwise wasted floor space when they implemented the machines; the company also has the option to change with the demanding times due to the flexibility of the VLMS. The modular design of the VLM units allows them to be moved or have the heights modified very quickly and cost effectively. Every trays height is scanned when put back into the unit automatically allowing taller or shorter items to be stored without wasting any additional space.

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