

Case study

IRLY Distributors



At a glance

Profile:

- Surrey, B.C. based Distributor of lumber, hardware, building materials and more

Business Problem:

- Paper-based WMS
- No error-tracking method
- Increased training time

Goals:

- 10 percent gains
- Reduced training time
- Improved transactions per man hour

Solution:

- Intermec CK3 mobile computers, PM4i printers
- PathGuide Technologies Latitude WMS

Results:

- Productivity increase by 5-15 percent
- Reduced training time by nearly half
- Increased transactions per day by nearly 1,000
- Streamlined operations and error tracking

IRLY Distributors' WMS Roll-out Conquers Recession; Daily Transactions Up Nearly 60 Percent

"Big enough to serve you, small enough to know you" is the community-based motto of Canadian owned and operated IRLY Distributors, a co-op group of independent hardware and building materials retailers. Based in Surrey, British Columbia, IRLY distributes lumber, hardware, building materials, plumbing, power tools and more to customers throughout BC and Western Canada.

IRLY had long been using a paper-based system that largely relied on the company's lengthy employee tenure, which averaged close to 20 years.

The "tribal knowledge" these long-term employees possessed was invaluable, not only to the company, but to the warehouse's overall efficiency. However, as technologies advanced and as new employees began to transition in, IRLY looked to implement a full Warehouse Management System (WMS) that would not only fully track all warehouse materials, but provide the technology needed to increase efficiency by 10 percent.

And efficiency is exactly what they saw. After engaging with Mukilteo, Wash.-based PathGuide Technologies to implement their Latitude WMS software, coupled with Intermec CK3 mobile computers and PM4i printers, productivity increased by an average of 10 percent – almost instantly.

More than Experience

"Our long-term goal was to grow the business and be one of the leading suppliers in the industry, and we saw our warehouse system as one of the top areas where we needed to operate at a higher level," said Steve Cain, IT Manager for IRLY. "We got as far as we could with the paper system – there's only so much you can do in terms of accuracy – so we knew implementing a full WMS and a new handheld system was one of the building blocks that was required for us to get to the next level."

While the previous paper-based approach was largely successful because of the experienced staff, the company still ran into problems without a streamlined WMS.

"When we made an error, it was extremely difficult to track, and root-cause analysis was very challenging," said Susan Robinson, President & CEO of IRLY. "We had no ability to take a snapshot in time to accurately know at every second where our products were located in the warehouse."

Plus, the company noted the "tribal knowledge" they were relying on took years for a new employee to completely obtain.

"We have a high warehouse labor rate, which is one of the largest expenses in the business," said Grant Harris, Director of Supply Chain for IRLY. "In terms of the

pick process and the lines, it was critical for us to maximize the productivity of each individual to make sure we were able to train faster and not rely on experience for our WMS efficiency."

Strategic Roll-out

After recommendations from colleagues and partners who'd worked with them, IRLY looked to PathGuide Technologies, a leading WMS provider for industrial and retail distributors, for a quick implementation. PathGuide's Latitude software is known for automating warehousing and distribution to provide real-time information about inventory - streamlining operations for greater efficiency and overall customer service.

Because of the seasonal nature of their industry, IRLY looked to PathGuide to implement the new system during the slower winter season, with roll-out complete in time for the April/ May launch of the busy season. The company also strategically chose to implement the new system during the throes of the 2008 recession.

"The whole world was already down 20-30 percent by the end of the year, so we decided while we are down anyway, let's take advantage of the slow time to increase our efficiency," said Robinson. "Also, instead of being forced to lay off any of our workforce, we were able to utilize them in the roll-out process and re-allocate their time to this project."

After PathGuide's initial warehouse assessment, IRLY brought a handful of employees to PathGuide's offices for training and consultation, where they began evaluating new handheld computers.

IRLY ultimately selected the Intermec CK3 mobile computers and PM4i label printers, noting that the Intermec products stood out from competitive products in several categories.

"After a grading and comparison system of multiple hardware options, our test group ultimately chose the Intermec products as their overall preference," said Cain. "The touch screen, scanning range, ruggedness for outdoor operations and the overall light weight of the CK3 all stood out as key features."

Swift Implementation

Once the system was rolled out, the time from purchase to implementation was a swift six months, with initial staff adoption time taking mere hours.

"We actively spent time training leaders from every department, so that we'd have experts in each area to help with the transition," said Robinson. "Before, training on the manual system would take anywhere from a month or so for complete proficiency, to now it takes about one day for them to learn the basics of Latitude before we can leave them on their own."

Streamlined Success

After implementation, the company saw increased productivity, reduced training time and overall operations streamline.

"Everything from our proficiency to our training has streamlined with the new WMS. We're more accurate, and the electronic system guides us through exactly what we have and what we

need to do," said Harris. "This gives us the opportunity to immediately lower training costs, build good habits and get organized from the get-go."

In terms of man hours and labor, Harris notes productivity is up between 5-15 percent already in 2010 as a result.

"Last year we were doing about 2,000-2,500 transactions a day, with a really big, busy day for us maxing at about 2,700," said Harris. "This summer we are able to handle nearly 3,200 transactions a day with a noticeable reduction in errors."

The ruggedness of the Intermec product has also performed well in both the warehouse and the outdoor yard.

"One of the CK3 units was accidentally placed in a bucket with 6 inches of water for more than 20 minutes and it held up just fine," said Kevin Kearns, Supply Chain Project Manager. "And, outside of this extreme case, on a daily basis we can rely on them to do extremely well indoors or out."

Lessons Learned

Robinson cited a few strategic decisions that played a huge role in contributing to the project's success.

"At the same time we looked to channel efforts toward improving our WMS, we also chose to beef up our sales force," said Robinson. "Instead of experiencing great loss during 2008 as most companies did during the low-point in the recession, we didn't miss a beat and 2009 sales were exactly where they were the previous year," said Robinson.

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