

As seen in “APICS-The Performance Advantage”

CASE STUDY: WAREHOUSE IN MOTION

Paper distributor recognizes the value of paperless business practices

THE CHALLENGE

Nobody had to tell xpedx leadership that a good warehouse management system is essential to staying competitive in the marketplace. After all, the company had grown over the years by acquiring firms with legacy enterprise resources planning (ERP) systems that made it difficult for these businesses to compete effectively. Through these acquisitions, xpedx inherited a variety of paper-based warehouse management systems—and none was able to meet the needs of a company processing an average of 30,000 customer orders a day.

As the distribution arm of International Paper, xpedx doesn't manufacture products—it moves them. The largest paper merchant in North America, xpedx depends upon low-margin, value-added services to generate revenue. Supporting dedicated inventory programs and meeting special warehousing or transportation needs for its customers are two such goals.

In the late 1990s, changes in the economy made already tight margins even tighter. Company decision makers decided to no longer only rely on top-line revenue performance to meet financial objectives. Instead, they began to focus on ways to foster operational excellence including inventory and warehouse accuracy and metrics for each division, shift, and person to align business goals with individual performance.

THE SOLUTION

The xpedx team selected WarehousePRO from Atlanta-based Logility to drive better overall financial and operational performance. WarehousePRO tracks and optimizes the flow of materials and information throughout the supply chain. It incorporates industry templates and workflow-based rules to optimize critical tasks, such as receiving, putaway, cross-docking, picking, compliance labeling, and shipping.

THE RESULTS

WarehousePRO was rolled out in 2000 at the initial site, a 220,000-square-foot distribution center in La Mirada, California. The implementation was “nearly flawless,” says Andy Connelly, business solutions manager for xpedx. “In my 15 years of doing [information technology] projects, I haven't been involved with a better prepared and better executed game plan and project plan,” he adds. “The transition from the legacy systems to WarehousePRO was transparent to the customer—and that may be the best barometer of all.”

International Paper immediately saw results at xpedx. The solution helped boost productivity, improve inventory accuracy, and slash overtime by more than half. Prior to implementation, keeping track of warehouse performance had been inconsistent at best. Even where good manual systems captured activities, sometimes balancing issues occurred. It had been difficult to judge how well locations were running except at the very high level of comparing warehouse expenses to gross profits or annual warehouse costs.

Using WarehousePRO, xpedx now captures valuable information to measure warehouse

performance, improve operations, reduce costs, and make sound business decisions. From receiving and putaway to ship exceptions and product rotation, the operations management team is equipped to manage the warehouse in a highly cost-effective manner.

The hard-dollar savings also are impressive. The company cut the equivalent of two full-time positions at the initial distribution center, and cycle counting and quantity-by-location functionality enabled xpedx to eliminate the annual physical inventory process. “WarehousePRO helps us pick our oldest product first by tracing the date it was put into that location, ensuring proper rotation of our products,” notes Connelly.

Performing shipping exceptions is another new benefit. “When our trucks come back from a delivery, we are able to confirm what has been delivered to that particular customer, thereby improving the accuracy of the invoicing process,” Connelly adds.

WarehousePRO also has helped the company move closer to a paperless environment in its warehouses. “We now use WarehousePRO instead of handing out proof-of-delivery documents during the order fulfillment process. Now, that document is generated only for the delivery side, and we're using WarehousePRO to improve productivity by about 20 percent.”

Today, xpedx has implemented WarehousePRO at three additional facilities. The company continues to look to WarehousePRO to help in reducing travel time associated with picking through improvements in product placement, keeping like products together, and setting up zones to locate faster-moving items near the front of the facility.

“WarehousePRO does so many things that allow us to continually improve operations,” Connelly says. “The system promotes discipline and quality assurance through consistent processes.”

CHALLENGE: Improve inventory accuracy, enhance productivity, and standardize procedures

PRODUCT SOLUTION: Logility Voyager WarehousePRO

MANUFACTURER: xpedx

FACILITIES: Loveland, Ohio

OPERATION: Distributor of paper, industrial materials, graphic art supplies, and packaging for International Paper



For more information about Logility, call 1-800-762-5207 or visit www.logility.com.