

DORCY INTERNATIONAL

CLIENT SUCCESS STORY

Successful distribution companies understand that an automated, fully integrated warehouse management software (WMS) solution is essential to achieving and maintaining a profitable business.

Accurately monitoring inventory levels and locations is only one facet to achieving bottom line results. Distributors must also have real-time access to financial and management reports to gain a thorough understanding of where the company stands from one minute to the next. Dorcy International confronted this dilemma and knew that it needed a solution to address operations for its three warehouse facilities.

Customer Profile

Dorcy International, headquartered in Columbus, Ohio, is a global distributor of flashlights and batteries. The company's Special Markets Division offers promotional printing on select products. Dorcy employs 100 individuals and has annual revenues of about \$50 million.

The product line is manufactured in Taiwan, China and Korea. Dorcy uses the Foreign Trade Zone program to help reduce duty import costs. Dorcy re-packages products in two Columbus warehouses and sells direct either to distributors and retailers or ships product to Canada for distribution there. Dorcy, which transacts about 90% of its business in U.S. markets, counts the biggest names in retail—Sears, Target, Wal-Mart and Ace Hardware—among its customers.

Dorcy carries about 2,500 items in its inventory, which approaches \$12 million at any given time. Three warehouses—two in Columbus, Ohio and one in Burlington, Canada—have a combined capacity of nearly 250,000 square feet.

Problem- Context

Dorcy operations relied on 25-year-old, homegrown software, as well as the former IBM AS/400 platform now known as the System

i. The software system lacked a true warehouse management component, and the three facilities were not integrated with each other or with the financial system. Inventory variances approaching \$200,000 were not uncommon. No real-time inventory information was available as the system could only batch data overnight.

A separate financial package handled accounting functions, but it did not integrate with the other homegrown software solutions. Staff spent innumerable hours pulling data from the various systems to create basic financial management reports in Excel. The process was repeated weekly and monthly, as needed, to obtain the data necessary to guide corporate operations.

Finding product in the warehouse often was a game of hide-and-seek. There were no bins or barcode labels of any kind, and no systematic approach guided product placement. Product



movements were sporadically recorded in handwritten logs. To locate items, personnel relied on recollections or time-consuming physical searches. Shipment delays were common. Many of Dorcy's customers required EDI (electronic data interface) ordering as a prerequisite to doing business. Setting up customer accounts typically took three to four weeks in order to comply with each firm's unique labeling and data requirements. Dorcy developed a two-part process to accommodate this requirement, but it was inefficient and frequently resulted in chargeback penalties for incorrect shipments and missing or inaccurate EDI documents, such as Advanced Shipping Notices (ASNs). Further, Dorcy could not print forms on laser printers. Multi-part invoices were difficult to generate, and the firm was spending a fortune on pre-printed forms that staff completed. Keying errors and other mistakes were common.

Objectives

Dorcy faced two challenges – to modernize both the company's hardware, and software systems in order to handle day-to-day operations. Due to staff familiarity and system reliability, the company opted to upgrade its IBM platform. To address its software issues,

Dorcy required a warehouse management solution that could automate both financial and management reports, organize and provide real-time inventory data, implement a system for EDI compliance and gain the ability to print business forms on laser printers.

Finding the Right Partner

Ultimately, Dorcy selected VAI (Vormittag Associates, Inc.) to be its software vendor because VAI offers fully integrated solutions with unparalleled functionality. Mark Craddock, Dorcy's IT Director, relates, "Three things impressed us about VAI: its extensive install base, the size of its support staff and its emphasis on regularly updating its software. However, it was the technical knowledge and responsiveness of VAI's staff that carried our decision. We wanted the personalized service that is the hallmark of VAI."

Dorcy purchased VAI's S2K Enterprise Software, including the financial, warehousing, purchasing, and inventory modules, as well as an EDI integrator from VAI business partner EXTOL. VAI software is equipped with built-in adapters that interface directly with this product. Dorcy also upgraded to an IBM System i5 model 520.

Solution

Implementation included a total revamping of the three warehouses. VAI formulated a bin system, helped install barcode labels and incorporated RF (radio frequency) scanners. After the system went live, all warehouse shipments were completed by 3 p.m. Further, the learning curve for personnel across the organization's many departments was almost nonexistent. According to Lorie Guerin, VAI Project Manager, "The implementation was a true team effort with Dorcy and VAI working side by side. Dorcy's staff had a clear vision of where they wanted to be, and the resident in-house IT knowledge was most impressive. There was project buy-in at the highest levels of management as well, which primed the corporate culture to accept this dramatic change in day-to-day business operations."

Using the Solution to Solve the Problem

VAI software increased supply chain efficiencies for Dorcy across every facet of the firm's business operations. Shipments from Taiwan, China and Korea track with well-documented inventory needs, and stock is maintained at optimal levels with the assistance of S2K reports such as Suggested Purchase Ordering. Real-time



information is available, and RF devices track warehouse product movement; personnel know precisely where to look for items and the precise quantity they will find when they arrive at the bin.

Results and Benefits

According to Macy Bergoon, Director of Supply Chain, Dorcy, "The combination of real-time inventory, cycle counting and RF devices has yielded negligible inventory variances. We dropped from a \$170,000 variance to less than \$5,000 in one year." Bergoon also estimates that VAI's S2K has reaped accounting staff time savings of over 50%.

Bergoon has plans to utilize additional functionality available within the S2K Enterprise modules

to enhance business operations. He explains, "We're going to extend our order entry capabilities to the Internet, giving our sales force Web self-service whereby they can enter orders directly instead of calling an 800 number. This portal will give them access to customer account information as well as inventory levels. We're also contemplating a Web store where individual customers can buy Dorcy items directly."

Craddock advises, "We're so pleased with what S2K has done for our business, we're planning to perform the Web integration before year's end. When we do, we will upgrade to the latest version of S2K to allow its updated functionality to streamline our supply chain even more."

Customer Quote

According to Dorcy's IT Director Mark Craddock, "Our customers are reaping benefits from the EDI upgrade and interface. It takes us half as much time to add a new customer, and compliance is nearly 100% from the very first transaction, so costly chargebacks are a thing of the past. Laser printers save us \$20,000 per year in printing costs and even more by eliminating errors. VAI's S2K has yielded measurable improvements at every stage of our global supply chain. The personnel savings alone are allowing us to grow our business without adding new staff because we are using available resources so much more efficiently."

