

## **Supply Chain Market Article** December 2007

### **Appliance Parts Depot's Pick Productivity Doubles with the Latitude Warehouse Management System**

*Wholesale Distributor Streamlines Operations for Greater Inventory Control*

#### **Overview**

Appliance Parts Depot, headquartered in Dallas, Texas, is a wholesale distributor of appliance parts and accessories for all major brands including Whirlpool, GE, Electrolux, Sub Zero, BSH and others. With eight branch locations and 170 employees, the company has experienced significant growth in recent years. In 2006, as part of a strategic plan to sustain growth, Owner and Vice President Greg Parker determined it was time to move to a warehouse management system (WMS).

"The volume and complexity of operations had grown to the point where the manual processes for inventory control, receiving, picking and returns were growing less and less efficient. We needed a system that could handle the complexity of our model," said Parker.

Following a six-month review of various competitive offerings, Appliance Parts Depot chose the Latitude Warehouse Management System from PathGuide Technologies, a leading provider of warehouse automation solutions for small and midsized industrial and wholesale distributors.

In the eight months following the March 2007 deployment, Appliance Parts Depot has achieved the following results:

- Pick productivity has increased nearly 100%
- Inventory accuracy has increased by approximately 40%
- Order accuracy now runs at about 98% or higher, with shipping errors virtually eliminated
- Receiving productivity has increased by 70%, and receiving errors have been reduced by 60%
- Training time for new employees has been reduced by about 40%

Latitude is a software suite that automates warehousing and distribution to provide realtime online information about inventory. Latitude automates all operations from receiving and order picking to manifesting and truck route/stop management. It integrates seamlessly with ERP business systems such as Microsoft Dynamics, Activant, J.D. Edwards and Oracle. Latitude is designed to help industrial distributors pick, pack and ship orders faster and more accurately, resulting in greater productivity and profitability.

#### **Making the Move to Automation**

Appliance Parts Depot strives to be highly flexible with customers' purchasing needs. Some customers place 10 separate orders a day and request items be combined and shipped daily; while other customers want backorders held until the next stock order goes out. Still other customers prefer to walk-in and place orders at the front counter.

With 40,000 SKUs in stock, 15% of purchases being special orders, and an incredibly flexible sales model designed to accommodate its customers' individual purchasing needs, Appliance Parts Depot's paper-based system had become an increasing challenge.

“It was a huge jump to automate such a complex model because it was really about an entirely new way of thinking,” said Parker. “Three weeks into it we realized that Latitude was giving us a huge window into problems we didn’t even know existed. It opened up a whole new world in terms of how we could improve our operations.”

After three months of the system being live, Appliance Parts Depot reports it has streamlined operations and lowered costs. With more checks and balances in the system, picking is more productive. With a 50% increase in order accuracy, there is less time spent fixing errors.

“With Latitude, you simply can’t pick the wrong product,” continued Parker. “Now our crew can pick twice as many parts as they used to.”

Prior to Latitude, Appliance Parts Depot had very little opportunity to find and correct process errors. Latitude offered them the tools to identify, and correct their problems. By using the software’s built-in functionality, the company was able to significantly reduce short picks, improve shipment accuracy, and eliminate manual stock checks. Thanks to the system’s audit trail and reporting capability, they have been able to minimize the number of repetitive process related errors by identifying and eliminating them permanently. “It doesn’t come without some effort, but the tools are there and the benefits are enormous,” said Parker.

With the use of hand-held RF Terminals, the receiving department has also experienced a significant increase in efficiency. Appliance Parts Depot does business with approximately 12 manufacturers and each day there are numerous errors in the shipments received. For example, manufacturers often substitute items, and prior to Latitude, employees in receiving had no way to easily verify the accuracy of a substitution.

With warehouse automation, processing emergency orders (orders received after 3pm for same day shipping) has also improved. Prior to Latitude the customer service department would call down to the warehouse, then wait on the phone while the product was pulled and the shipping order confirmed. Now, emergency orders are generated by customer service representatives from a PC where they have real-time access to monitor the progress of the order and confirm shipment.

Appliance Parts Depot uses a zoned warehouse approach where employees have assigned areas and specialize in picking and putting away products in their zone. Since using Latitude, training of new employees is about 40% faster. The company also finds that Latitude embraces an objective accountability for employees since individual performance can now be easily tracked.

Looking ahead, Appliance Parts Depot plans to extend the use of Latitude out to its eight branch locations in order to achieve the same productivity gains it has found at the distribution center.

“The future of our warehouse is very bright. We continue to find new ways to improve our operations with the system and we see great opportunities to lower costs by better utilizing space and reducing the size of our warehouse. Choosing PathGuide and working with their team has been the best decision we have ever made...an honest to goodness slam dunk!” ended Parker.

### **About PathGuide Technologies**

PathGuide Technologies, Inc., a privately held company founded in 1989, is a leading provider of warehouse management solutions for small to midsized wholesalers and industrial distributors across North America. PathGuide’s software and services help suppliers increase productivity and order accuracy, improve customer service and lower labor costs, ultimately driving greater profitability. To learn how distributors of all sizes can benefit from improved warehouse management, visit [www.pathguide.com](http://www.pathguide.com).