



McLendon Hardware Takes on Big Box Retailers with Support from PathGuide
Latitude WMS Extends Activant Eagle System for Greater Inventory Accuracy and Control
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McLendon Hardware began in the 1920s with Mac McLendon traveling the Seattle area by horse drawn wagon collecting used tools and appliances to resell. Today McLendon Hardware has six retail stores, a commercial lumber yard, two distribution centers, an Internet sales operation, and more than 500 employees.

The company, family owned and operated since it began, relies on technology such as the Latitude Warehouse Management System (WMS) from PathGuide Technologies to not only survive, but thrive, against big box retail competitors.

“People ask us all the time how we continue to do so well,” said Mike McLendon, Vice President, McLendon Hardware. “We win because we provide outstanding customer service. And one way we achieve such high levels of service is by investing in systems that allow our people to perform at their best.”

In an effort to expand its business and better compete by automating its distribution center operations, McLendon Hardware deployed the Latitude WMS. The company had determined that while it had outgrown its distribution center, it could not afford a new facility. Thus, it turned to PathGuide to improve the efficiencies within its existing facilities.

Latitude is a software suite that automates warehousing and distribution to provide real-time online information about inventory. Latitude automates all operations from receiving and order picking, to manifesting and truck route/stop management. It integrates seamlessly with major ERP business systems such as Microsoft Dynamics, Activant, J.D. Edwards and Oracle.

Since deploying Latitude in February 2008, McLendon Hardware has already achieved significant improvements in the following areas:

- Picking rates have increased by 50% within the distribution centers
- Inventory accuracy has increased from 65% to more than 90%

Inventory Challenges a Barrier to Growth

The original 24,000 square foot distribution center opened in 1973, and McLendon Hardware added 19,000 square feet in 1986. In 2002 it leased a second warehouse across

the street. By 2007, the distribution center was bursting at the seams with no room for additional stock.

“We knew that a key barrier to further growth and expansion was inventory management,” said McLendon. “The largest investment of the business was in our inventory and the manual processes to support it were very costly.”

Prior to Latitude, McLendon Hardware carried a vast amount of inventory to ensure it always had products in stock and could meet customer demand. But even though the company carried massive amounts of inventory, it still suffered from customer service issues due to out of stock items.

Even with extra staff on hand to monitor stock levels, the buyers feared running out of items and would order more product to compensate. The result was more inventory on hand than needed and slower turn-over. “Ironically though, because we didn’t know when stock levels were low, we would still have stocks outs, which adversely impacted customer service levels,” continued McLendon.

Physical inventory overcrowding was also inhibiting the ability of the employees to keep an accurate inventory count. The physical inventory space problems made the quantity counts suspect which skewed the dollar value of inventory. It could not establish true margins or formulate purchasing budgets. It also couldn’t implement new host system capabilities such as automated replenishment ordering. Furthermore, as a result of high volume purchasing, cash flow was hampered.

McLendon Hardware needed to solve its inventory challenges, but building or leasing another facility was not an option. Instead the company sought to automate its distribution center and increase the efficiency and accuracy of its current facility.

Eliminating the Need for Tribal Knowledge

Mike McLendon and his team worked with its store and warehouse personnel to identify the problems it was having with inventory accuracy and implement a WMS solution. McLendon Hardware evaluated nearly a dozen WMS offerings and narrowed it down to three candidates - HighJump, Intek Technologies, and PathGuide Technologies. After much research and visits to other distributors using various WMS systems, McLendon Hardware selected PathGuide.

“We chose PathGuide because Latitude had the full functionality we needed, yet the interface was simple and easy to use,” said Mike McLendon. “PathGuide was also extremely responsive and gave us the kind of service and attention that you don’t often find nowadays.”

McLendon Hardware uses Latitude’s Cycle Counting module each day to help maintain inventory accuracy. With Cycle Counting, schedules are easily developed to systematically verify that all item quantities are accounted for. By selecting subsets of

inventory and counting them on a frequent basis, operations can continue as usual and misplaced items are quickly identified.

“Now we know at all times exactly what’s in the warehouse, where it’s located, and what we need to order,” continued McLendon. “Latitude has eliminated our reliance on tribal knowledge. Now anyone can walk in and find what they need.”

McLendon says order fulfillment and receiving have both increased in accuracy and efficiency with the use of the verification prompts, on the RF terminals. It also improved the company’s ability to fill Internet orders more accurately and monitor the picking of inventory. As an Amazon selling partner, McLendon Hardware uploads the orders it receives from Amazon into Latitude, which then directs warehouse staff to pick and ship the items.

Latitude has brought new labor efficiencies to McLendon Hardware by minimizing pick travel time on the floor. It has also minimized the time spent checking inventory levels for the buyers, and has allowed buyers to implement automated replenishment ordering.

“At a broader business level, Latitude has created a new focus on accuracy and efficiency throughout the entire company. We’re very pleased with our decision to go with PathGuide,” ended McLendon.

McLendon Hardware looks forward to a continued path of growth and profitability by investing in systems that increase efficiency and enable the company to continue its heritage of providing the local community with excellent products and outstanding service.

About PathGuide Technologies

PathGuide Technologies, Inc., a privately held company founded in 1989, is a leading provider of warehouse management solutions for small to mid-sized 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.

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