

GLOBAL LOGISTICS & SUPPLY CHAIN STRATEGIES

July 2008

Tile City Says Good-bye to Paper with Latitude WMS

Since starting life in 1966 as a small retailer, Tile City, Chico, Calif., has since grown to be one of the West Coast's largest wholesalers of imported tile and stone, while retaining retail operations in Northern California.

When the company changed its business model from retail only, it experienced a dramatic increase in inventory volume. Then came the housing boom in the first half of this decade, which fueled a period of very rapid growth. "We had to play catch-up pretty fast," says Russ Raburn, operations manager at Tile City. "As inventory grew and we added more space, the warehouse became a paperwork nightmare. We had a huge need to automate our processes and gain better inventory control."

After reviewing various competitive offerings, Tile City chose to make the leap to automation with the Latitude Warehouse Management System from PathGuide Technologies, Mukilteo, Wash. Latitude is a Web-based WMS suite that provides real-time, online information about all inventories, using radio frequency technology and a powerful relational database.

"When we went looking for a solution, we found there were really only two to three products out there that really met our business needs," says Raburn. One important criterion for Tile City was an ability to integrate well with the company's enterprise backbone system, which is Acclaim from Prophet21. "We turned to other Acclaim users we have befriended over the years at various conferences to ask them about solutions that were out there and the feedback we got indicated that Latitude pretty much surpassed any other product," he says.

Raburn also praises PathGuide's customer service. "We sat down with them many times and talked about what we needed and what their product could do," he says. "A lot of what we needed was already built into the product, but we did need them to customize some functionality for us and they were very responsive."

The primary customization that Tile City needed was related to its products. "Nearly everything that we purchase is imported from Europe, which is on the metric system," Raburn says. "That makes our world fun because when you are trying to convert square meters into square feet, you end up with a lot of decimal points." PathGuide modified the front counter frame (a wrap-around screen for their host ERP system) that calculates alternate units of measure. Now, units are converted on the fly and calculated automatically, saving time on order entry and reducing errors.

Another customization involved a tracking system that enables Tile City to give each stone slab that it imports a unique number. Different stones that come in at different times may vary considerably in appearance even though they have the same color or pattern name, Raburn explains. Tile City now uses barcodes to identify which slabs are part of the same lot.

When Tile City went live with Latitude in 2005, it did a full switch, moving to a paperless system “in one fell swoop,” Raburn says. “I was very nervous about the go-live date and I thought we’d have to spend one-on-one time with each employee to train them on the new system. In reality, the transition was incredibly easy. Our crew literally just grabbed the RF guns and immediately began picking orders. I couldn’t believe it!”

After the implementation, Tile City immediately noticed significant improvements in service to its customers, Raburn says. Today, when a customer calls and requests information about an order, everyone in the company has immediate access to real-time information about the status of the order, he says. Before Latitude, “each time a customer called we’d go on a paper chase looking for paperwork that might very well have been stuck under the tire of a forklift,” he says.

For customers who walk in and place orders at the front counter, the order is automatically prioritized in the system and pickers are notified by an audible alert through the RF terminals. By the time the customer makes their way to the will-call area of the warehouse, the order is pulled and waiting, or already in progress.

Order accuracy also has greatly improved with Latitude. Under the paper-based system there was a higher chance for picking errors to occur. Now, with the use of barcodes and handheld RF terminals from Intermec, employees are directed to the right color, size and lot number when pulling material.

The system also virtually eliminates the likelihood of product being shipped to the wrong customer. When a new pallet is started for a particular customer it is assigned a unique master load. If a picker then tries to stage product to the wrong master load, Latitude notifies him of the error.

Since Tile City’s product is very heavy, Latitude is used to track the weight of orders as they are entered for each delivery route, enabling the crew to determine if more trucks will be needed. “With Latitude there is much more clarity about the manpower and resources that are needed in the warehouse. We know if our truck is overweight before anything is picked,” says Raburn.

Following the deployment of Latitude, Tile City made the decision to eliminate the dreaded year-end physical inventory by using daily cycle counts until an accurate inventory baseline was established. Now, Tile City uses standard cycle count practices, and the tools available in Latitude to determine the frequency of their routine cycle count jobs. As a result, the laborious and costly year-end inventory

process has been eliminated, while doubling their inventory accuracy.

As for future plans, Tile City remains on track for continued growth and Latitude is an integral part of the company's strategy for increased warehouse efficiencies. The company plans to expand its use of the warehouse management system to automate Tile City's 30,000-square-foot facility in Portland, Ore.

This article originally appeared in the July 2008 issue of Global Logistics & Supply Chain Strategies. Copyright 2008.