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SYSPRO hammers down Warehouse costs for Select Hardware

Select Hardware supplies hardware products to a wide range of customers, including major DIY chains such as Homebase, Screwfix and Woodies in Ireland, independent traders and buying groups like BHF-BSSA (the independent retailers' association) and Home Hardware. Part of the North American Shepherd Hardware Group, Select Hardware began trading in 1995 as an entrepreneurial business in the UK that literally sold Shepherd Hardware products from the back of a car!

Fifteen years later Select Hardware has a 55,000 sq ft warehouse in Rowley Regis (Birmingham), stocks over 4,500 stock-keeping units (SKUs), acquired three independent businesses – Map Hardware, Basic Hardware, and Headbourne and has a team of 30 people. The company shares a dedicated sourcing and manufacturing facility in China which supplies prepackaged products to the whole of the Shepherd Hardware Group.

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At a glance

Company

Select Hardware

Industry sector

Distribution
• Hardware products

SIC Code

46740 - Wholesale of hardware, plumbing and heating equipment and supplies

Number of employees

30+

The challenge

• Outdated accounting package
• Manual MRP
• Inaccurate stock information

Solution & services

• SYSPRO Financials
• Material Requirements Planning (MRP)
• Forecasting
• Reporting Services
• SYSPRO Report Writer
• Work in Progress
• Office Automation & Messaging

The benefits

• Stock overhead reduced by 25%
• Improved visibility of products
• Automated Processes
• Reduced warehouse costs

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With the implementation of a SYSPRO enterprise resource planning (ERP) system from Manchester-based K3 Business Technology Group, much of Select Hardware's warehousing and distribution is automated as is its sales functions. This is very different to pre SYSPRO days, when the company relied on an accounting package and a "manual" form of MRP (material requirements planning). This required reports to be run from the accounting system to obtain an average number for each stock item sold and then visually checking a hefty 40-page bi-fold stock sheet to identify each stock item that needed replenishing.

New thinking

The company's FD, Tony Birkin, instigated the search for a system that would give Select Hardware the ability to automate its processes. After reviewing several systems, he handed over the final selection of two competing products to Steve Killworth, who had recently joined the Select Hardware as its Operations Manager.

Steve Killworth was responsible for implementing ERP in another Shepherd Hardware Group company, so he knew what to look for in a system. He was won over by the way SYSPRO would handle Select Hardware's relatively simplistic goods-in, goods-out warehousing and distribution operation as well as provide the power of a fully featured and integrated ERP system.

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"SYSPRO is a fully featured and integrated system, but you don't have to jump right in and use every single feature. We can activate different features as we need them. In particular, I discovered that SYSPRO could readily manage our warehousing operation without the need for a dedicated warehouse management system (WMS). We have very little stock movement apart from replenishing pick slots and consolidating stock, so a full-blown WMS is overkill. From a user interface point of view, as well as the way it processed information, the system is straightforward and easy to use and understand. By selecting SYSPRO we would gain much tighter control of warehousing as well as automating our MRP and S&OP (sales and operations planning)," says Killworth.

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"Our existing sales and operations planning approach was very basic and, therefore, SYSPRO was a leap forward for us. How we managed without it is a puzzle. Additionally, our stock system was archaic. We had to book pallets onto locations on a spreadsheet. We tried to keep this up to date, but ultimately things would be missed. SYSPRO revolutionised this by bringing in accurate reporting and gave us the ability to interrogate and drill down to the information we needed for sales and stock turns. Gaining all of this plus the ability to tighten up warehousing by tracking bin locations and stock with bar code scanners was a major boost in efficiency for Select Hardware," he adds.
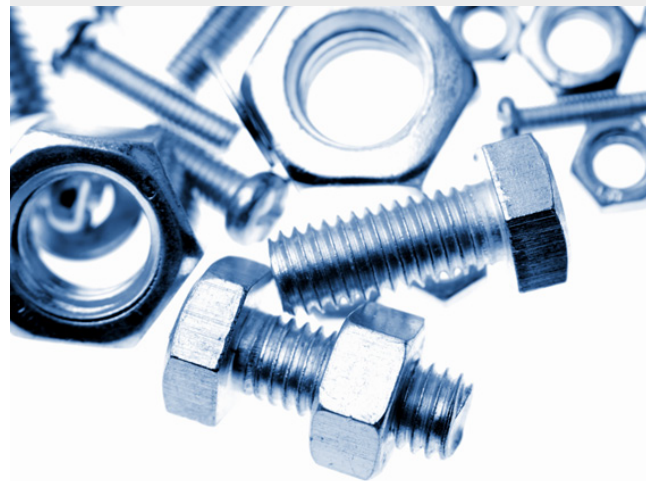
Reducing stock and inventory costs
SYSPRO's integrated MRP and Forecasting modules have allowed Select Hardware to make a major dent in its stock holdings! The company has been able to reduce its stock overhead by a quarter through improved visibility of products.

"The system tells us what we have in stock, where it is and when we need to reorder. It has given us the confidence to lower our stock overhead and this saves us a lot of money – without any detrimental effect on our ability to supply our customers. We don't even need to keep buffer stocks for our faster moving lines as we can order based on our MRP," says Killworth.

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Perpetual stock take saves time and money
With a large range of products running into the hundreds of thousands of individual items, keeping track of stock is a necessity. Select Hardware's original approach was similar to many other organisations still lacking automation. Each year the company would undertake an annual stock take, bringing the entire business to a standstill while it completed its arduous manual process. This has been eliminated with the introduction of SYSPRO and hand held bar code scanners.

"Perpetual stock take is a big thing for us. Our old yearly procedure would require us to shut down virtually for a week. We would then discover discrepancies, which would take time to resolve.

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At the same time, you had the sales team wanting to start up supplies again. It was problematic and we would have to write off a lot of stock because we had to get back to business! Now we run a weekly stock take and every discrepancy is picked up and rectified and we no longer lose out on stock write offs," says Killworth.

SYSPRO in action the Select Hardware way

"When we brought in SYSPRO we wanted it to automate and replicate our standard procedures. The system allows this with the added advantage of full visibility of information. It has also allowed us to automate the vast majority of our orders via wireless mobile computers equipped with scanners or EDI. Sixty to 70 per cent of orders come by the hand helds used by our sales force or by customers. All they do is scan the items on the shelf and enter the number they require. The orders are transferred electronically direct to our sales office and into SYSPRO. This calls off the stock as required.

"EDI is used for some of our larger customers such as Homebase, Morrisons and Screwfix. These EDI orders stream directly into the system. Only 10 per cent of orders come via fax, so we're saving a lot of order entry time," says Killworth.

"SYSPRO revolutionised this by bringing in accurate reporting and gave us the ability to interrogate and drill down to the information we needed for sales and stock turns. Gaining all of this plus the ability to tighten up warehousing by tracking bin locations and stock with bar code scanners was a major boost in efficiency for Select Hardware," he adds.

Future plans

With bar code scanners already in use for goods in and replenishing pick slots; the plan is to introduce bar code picking to close the automatic identification loop picking to close the automatic identification loop. In addition, companies who import manufactured goods from overseas have to monitor their landed costs. SYSPRO will allow Select Hardware to streamline the implementation of automated procedures for both of these functions.

"By automating picking we'll gain further accuracies but first we have to standardise our bar code format within the Group. This is something we are intending to do over the next 12 months. We are also keen to automate our landed cost tracking. We currently do this outside of the system, but SYSPRO provides the means to handle this automatically once it is set up. We are also investigating the opportunity to implement batch traceability with SYSPRO. All of these opportunities and more are well within the scope of our system – that is the beauty of SYSPRO; there is always something more you can do with it," concludes Killworth.

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