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Brett Campbell, Chief Operating Officer at GraysOnline



Distributions centres: Homebush, Sydney, NSW

Manhattan Solution: Manhattan SCALE™: Supply Chain Architected for Logistics Execution

GraysOnline streamlines complex inventory management processes and improves quality assurance with Manhattan Associates

GrayOnline Reviews Warehouse Management to Support Company Momentum

GraysOnline is an Australian online retail and auction company, offering a huge range of consumer, industrial and commercial goods direct from manufacturers and distributors. Starting out as a livestock auctioneering company in Goulburn in the 1920's, GraysOnline made the decision to move online in 2000 in order to gain access to a deeper and broader market base.

Today GraysOnline employs more than 440 people throughout Australia & New Zealand incorporating a highly trained customer service team as well as experts across more than 70 product categories ranging from electronic goods and wine, to automotive and mining equipment. In total, the company sells around 150,000 items each month to both consumers and businesses.

Since the company made the decision to migrate online almost ten years ago, it has grown consistently year-on-year by more than 20%. It was on the back of this period of unprecedented and continued growth that GraysOnline decided to re-evaluate its warehouse operations.

Until last year, GraysOnline operated four separate warehouses at various locations throughout Sydney. Having expanded rapidly over the previous decade, and with a strong belief that the business would continue to go from strength to strength, the company made the decision to restructure its Sydney fulfilment facilities, consolidating its warehouse operations (totalling 178,000 sq. ft or 16,500 sq. m) into one centralised distribution centre (DC) located in Homebush, in Western Sydney (323,000 sq. ft or 30,000 sq. m).

In light of the way the auction industry works and in the context of the customer-oriented nature of the business, GraysOnline needed a high level of flexibility in its warehouse management system to accommodate its unique receiving processes

Challenge:

GraysOnline needed to reorganise and streamline its supply chain to facilitate continued growth.

Solution:

Manhattan SCALE™: Supply Chain Architected for Logistics Execution

Results:

Greater control and visibility across entire supply chain; 15-20% productivity improvement across the board, order cycle time reduced from 4 days to 1.



We spent a lot of time trying to determine what current processes we had in place as well as outline specifically what we wanted to achieve by deploying a warehouse management solution.



and the diverse range of stock it moves each month. The company wanted to introduce a more process-driven approach to inventory management so it could better facilitate fluctuating consumer demand and support future growth.

When GraysOnline receives goods, they have limited information about the individual products and as a result they need to be processed according to a number of criteria. Not only do products need to be checked and labelled, but individual specifications need to be recorded and most products must also go through a quality check. In addition products need to be photographed and a clear product description created for the web page. In some cases, as with personal computers for example, GraysOnline needs to go through the additional process of wiping hard drives and reinstalling operating systems. All of these operations happen as part of the company's receiving operations.

Brett Campbell, Chief Operating Officer at GraysOnline explained, "We were previously focused on day-to-day transactions, without any specific processes in place to effectively manage stock and the various categories to which they belong."

"We move up to 150,000 items every month across approximately 70 categories so it was vital that we introduced a system to help us manage our warehouse operations more effectively. The variety of stock keeping units (SKUs) we have adds another challenge to the way we manage stock. There is a lot of complexity around building a description of a product and taking specific requirements from different vendors into account. This complexity doesn't normally exist in a typical warehouse operation."

Ultimately, GraysOnline wanted to re-evaluate its entire warehouse management system in order to streamline operations, drive greater efficiencies and introduce some clearly defined procedures that could eventually be replicated in its centralised DC in Homebush.

"Essentially we wanted to re-engineer our supply chain. We wanted to gain greater visibility of inbound goods, including precise descriptions of stock keeping unit (SKU) type and having accuracy on the date goods were received. We could use that information to develop long term forecasts, better track product throughput and be generally smarter about the way we manage stock from repeat vendors."

Manhattan Associates Provides Flexibility, Integration Strength & a Robust Platform

Following a competitive tender, GraysOnline made the decision to implement Manhattan SCALE.

With the knowledge that the company would soon open a centralised DC in Sydney, the company decided to implement Manhattan SCALE throughout its four Sydney warehouses first, in an attempt to review how each one operated and how effective the solution could be.

"We spent a lot of time trying to determine what current processes we had in place as well as outline specifically what we wanted to achieve by deploying a warehouse management solution."

The company's decision to implement Manhattan SCALE was based on a number of clearly defined criteria. The solution needed to be flexible in order to meet the company's complex inventory management needs. In addition, GraysOnline also wanted a solution that had rich functionality and that was built on a robust platform that could integrate easily with existing software systems being used by the company.

Stewart McGrath, Chief Information Officer at GraysOnline explained, "Without question the primary reason we opted for Manhattan SCALE was the solution's flexible nature and integration strength. Given that it was built on .NET technology and running on an SQL database was also a massive benefit. We were able to modify our internal auction system so that it aligned with Manhattan SCALE. The configurability of Manhattan SCALE meant we could make changes in the system to match new processes, define specific key performance indicators (KPIs) and centrally monitor the performance of many aspects our operations."

It quickly became apparent that introducing a warehouse management solution alone would not be sufficient. GraysOnline also needed to redesign its warehouse infrastructure, introduce new processes and create more clearly defined warehouse roles.

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Our order cycle time (from goods receipt to dispatch) has been reduced to 24 hours from up to 4 days, which obviously has meant significant productivity gains for the company. Overall I believe we are operating approximately 15-20% more efficiently this year compared to last.

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“We knew that in order to get the most out of the Manhattan SCALE solution, we needed to put the right business processes in place to support it. We needed to provide our staff with the right tools to bring about behavioural change and ultimately drive greater productivity. Manhattan SCALE acted as a great impetus for us to improve other areas of our warehouse operations.”

GRAYSONLINE STREAMLINES INVENTORY MANAGEMENT & IMPROVES PRODUCTIVITY

Since implementing Manhattan SCALE, GraysOnline has, and continues to enjoy innumerable benefits. GraysOnline has improved productivity across all areas of its warehouse operation.

“We have far greater control and visibility of inventory at every stage of the warehousing operation, from receiving, through put-away, to picking, packing and shipping. Our order picking capacity doubled when we introduced Manhattan SCALE. If we take our wine division as an example, prior to going live with Manhattan SCALE we were picking approximately 1,100 cases per day employing ten people. Since then, we are now picking in the order of 3,000 cases per day with nine people.”



In addition, since re-evaluating its entire warehouse management operation and deploying Manhattan SCALE, GraysOnline has significantly improved its order cycle times.

“Our order cycle time (from goods receipt to dispatch) has been reduced to 24 hours from up to 4 days, which obviously has meant significant productivity gains for the company. Overall I believe we are operating approximately 15-20% more efficiently this year compared to last.”

Since consolidating its warehouse operations, GraysOnline has been able to reorganise its entire supply chain to include sales operations, warehouse management, logistics and customer service, which has helped the company reduce the overall cost of servicing clients by 16%.

“The integration of Manhattan SCALE with our existing in-house auction system has played an imperative role in providing greater visibility and control across our entire supply chain. By developing a common interface between the two systems, we now have greater access to information about our warehouse operations. Not only are we able to more clearly define warehouse roles, we have greater control over staff workloads,” said McGrath.

GraysOnline has also experienced a significant return on investment since making the decision to review its warehouse operations and introduce Manhattan SCALE, having enjoyed more than 20% increase in sales year-to-date compared to the same period last year.

Campbell concluded, “While we cannot attribute our entire success to Manhattan SCALE, it has certainly played a pivotal role in improving our warehouse productivity and has helped to optimise our entire supply chain. Not only have we streamlined our inventory management and driven greater efficiencies throughout our operations, we have also continued to facilitate growth at an impressive rate.”

OVERALL BENEFITS:

With Manhattan SCALE GraysOnline has been able to:

- Gain greater control and visibility across its entire supply chain
- Achieve a 15-20% productivity improvement in its warehousing operations
- Support sales growth of > 20%
- Reduce dispatch time to one day from up to 4 days
- Double order picking capacity

Learn more about Manhattan Associates and our solutions:

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