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Niels Peter Habekost, Chief Financial Officer
Catering Engros



Catering Engros improves picking accuracy and operational efficiency with Manhattan Associates

TIME FOR AN UPGRADE

Catering Engros is a leading Danish food distributor serving customers such as Monarch, Compass Group Denmark, Scandic Hotels, Choice Hotels, IKEA and Legoland, and which last year generated DKK 1.2 billion (US\$ 235 million) in revenue. Its distribution centres (DCs) in Copenhagen and Middelfart each have a capacity of 120,000 sq ft and hold 21,000 individual stock keeping units (SKUs). On average the organisation ships 70,000 cartons per day from each DC.

Following a period of sustained growth, Catering Engros decided it needed a new logistics system to handle its fulfilment operation, particularly in the light of the further and continued growth it was anticipating for the years ahead. It also sought a system that would enable it to manage its 3 shifts per day, 24/7 operation in both warehouses and introduce proven standards and processes that would facilitate improved efficiency in its supply chain operations.

The team had previously relied on a paper-based system to manage its warehouse processes however the manual element contributed to frequent errors in picking and shipping and a lack of real-time stock visibility was adversely impacting inventory management.

“The legacy system could not pinpoint the exact location of stock and inaccurate data left us exposed in terms of the quality of customer service we were able to deliver,” said Mr. Niels Peter Habekost, CFO of Catering Engros. “Our legacy system could tell us that we had 200 specific SKUs in stock, but it could not tell us the exact location of them in the DC. Hunting for stock creates a bottleneck that impacts all of the tasks that we need to perform in a given day. The picking errors also meant that we had to send out replacement shipments to customers in order to correct the mistakes. This was not good for our business or the environment, as it equated to two additional vehicles on the road every day.”

SAFE JOURNEY. NO HITCHES

Catering Engros considered a variety of routes for its systems upgrade, which include purchasing a new ERP system as one option and deploying an off-the-shelf warehouse management system that could integrate with its legacy ERP



Distribution centres:
Copenhagen and Middelfart, Denmark

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

Challenge:

Automate two warehouses and integrate WMS with legacy ERP system.

Goal:

Increase efficiency, improve visibility of stock and quality of customer service.

Solution:

Standardise Catering Engros' distribution operations on Manhattan Associates' global supply chain platform.

Result:

Made annual cost savings of DKK 1.7m through improved stock control, fewer truck journeys and 30% productivity improvement in picking process.

and business intelligence (BI) products as another. It was fundamental that the selected system operated on a Microsoft platform and supported integration with voice picking technology from Vocollect. After a thorough review, Catering Engros felt confident that an advanced off-the-shelf WMS solution was required.

“Manhattan Associates ticked all of the boxes for us,” said Mr. Habekost. “The system met our needs in terms of functionality and ability to be integrated with our legacy systems as well as with the new additions of voice picking and RF technology. Importantly, it offered the flexibility to cope with our continuing growth.”

Catering Engros opted for a five phase implementation, slowly introducing it into each area of the warehouses (ambient, chilled and frozen). The WMS implementation was completed alongside the expansion of each distribution centre by 20%, the deployment of a wireless network and a data cleansing exercise which required up-to-date information on 10,000 product lines from over 500 suppliers.

“We opted to upgrade everything at once. On reflection, we probably underestimated the sheer size of the data cleansing exercise,” admitted Mr. Habekost. “This did delay the WMS implementation slightly, but introducing the system to each area slowly has proved to be the best approach. We did not have a single hitch with the deployment and we have been able to incorporate the lean philosophy into our processes which has proved invaluable. Most importantly, we came in on budget.”

ACCURACY AND EFFICIENCY

Since implementing Manhattan SCALE, Catering Engros has enjoyed a multitude of benefits. The company now has much better inventory accuracy, picking errors have been reduced by 90% and it has achieved a 30% productivity improvement in the picking process.



“In the current economic environment, every business is looking for ways to streamline processes. Within one year we had achieved a return on our investment and were saving over DKK 1.7m per year from improved stock control, fewer truck journeys and better productivity in the warehouse. It is fantastic that we have achieved our original objectives to improve the quality of customer service and improve operational efficiencies, but the cost savings really are the icing on the cake.”

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“As a food distribution company, it is vital for us to have a strict stock rotation process in place,” explains Mr. Habekost. “We have been able to significantly reduce waste. Manhattan’s software can easily direct the warehouse operative to pick the stock with the shorter sell-by date, as it deploys a first-in, first-out strategy.”

The sales team is completely focused on increasing profit margins, rather than being distracted by correcting mistakes and dealing with customer issues. In addition, now that Catering Engros has a clear snapshot of the tasks that its staff are performing, it has been able to optimise its labour and redirect resource to areas that are experiencing spikes in activity levels.

Mr. Habekost concluded, “In the current economic environment, every business is looking for ways to streamline processes. Within one year we had achieved a return on our investment and were saving over DKK 1.7m (US\$325,000) per year from improved stock control, fewer truck journeys and better productivity in the warehouse. It is fantastic that we have achieved our original objectives to improve the quality of customer service and improve operational efficiencies, but the cost savings really are the icing on the cake.”