

“We live in a high-SKU environment where the products are relatively low priced, so we must be efficient in our distribution and logistics operations to keep costs down. We needed logistics systems that would enable us to meet the demands of varied distribution channels and the specific needs of our customers. We also wanted a systems platform that would be here for a long time and adapt. Manhattan SCALE™ is the right tool.”

Mike Birkholm, President, Darice



Darice crafts distribution solutions with Manhattan SCALE™

DARICE ENHANCES WAREHOUSE AND DISTRIBUTION MANAGEMENT CAPABILITIES WITH MANHATTAN SCALE

Browse the shelves of any major craft, general, grocery or drug retail store around the world and you'll find arts and crafts supplies from Darice. A family-owned business established in 1954, the company is the largest full line craft wholesaler and distributor based in the United States. It produces more than 80,000 products, including floral, scrapbooking, jewelry, seasonal, wood, wicker and much more.

Based in Strongsville, Ohio, just outside of Cleveland, Darice sells its goods through wholesale channels. It also owns and operates a retail chain (Pat Catan's) and has a thriving web business. Though Darice is a family operation, the company is a major global competitor with a wide variety of products and capabilities. “We have a strong focus on family values, customer service, and innovative product development to keep our products fresh and unique,” said Jim Petkunas, vice president of technology.

The company has state-of-the-art facilities to develop, produce and distribute its numerous craft lines. Its warehouse and distribution facilities consist of more than 750,000 square feet, with a 12,000 square foot showroom. Each day Darice receives five to ten trucks with 6500 cases and processes 3000 orders and up to 40,000 order lines. The pick accuracy of all outbound orders is 99.99%.

INCREASED COSTS AND DECREASED CAPABILITIES DRIVE CHANGE

Darice installed an ERP system with some warehouse management functionality in 2002. But after five years, the solution couldn't keep pace with product and customer growth and presented several problems that hampered operations. “It was costly to make system adjustments, which didn't allow us to react swiftly to changing customer requirements for volume, labeling, transportation and picking,” Petkunas said.



Headquarters: Strongsville, Ohio

Facilities: Warehouse and distribution facilities consist of 750,000 square feet with a 300,000 square foot modern pick module and a 12,000 square foot showroom

Manhattan Solutions:

Manhattan SCALE: Supply Chain Architected for Logistics Execution

Challenge:

Inefficient processes and multiple distribution requirements challenged Darice's supply chain operations.

Goal:

Reduce warehouse management expenses and open new revenue stream with customer distribution services.

Solution:

Install Manhattan SCALE to manage all warehouse, distribution and outbound functions.

Results:

Total cost of ownership reduced significantly, overall efficiency improved and Darice is now positioned to provide distribution services to its customers.

Other issues with the system included difficulty extracting information and overall performance. The company was also looking to the future—it wanted to strengthen transportation functionality and make other enhancements, but felt the ERP-based warehouse management solution could not scale to future growth. “The overall cost of ownership was becoming too much and the efficiencies we needed just weren’t possible,” said Petkunas. “We also wanted to explore opportunities similar to third party logistics, where we provide distribution services for smaller companies.”

MANHATTAN SCALE PAINTS THE PERFECT PICTURE

Darice leveraged an outside consulting firm to help the company sift through solution providers and develop a functionality criteria list. In addition to selecting a solutions provider that was stable and established, the technology had to support:

- Both wholesale and retail fulfillment processes
- Work order functionality
- Domestic and import inbound processing

“We reviewed 20 companies, making sure each met our criteria list,” said Petkunas. “From that we narrowed the field to four companies, including Manhattan Associates and the incumbent provider. We measured each with a rating system.”

Eventually, the company chose Manhattan SCALE: Supply Chain Architected for Logistics Execution. Darice now employs various SCALE components, including Trading Partner Management. It replaces manual reporting processes with real-time performance data. Labor and Performance Management tools help Darice improve operations and reduce costs. Transportation Execution helps manage logistics activities, including inbound shipments from suppliers and outbound shipments to customers around the globe.

“At the end of the day, Manhattan Associates had the functionality, team and resources we needed to lower costs and raise our performance across the supply chain,” Petkunas said. “They made it easy to picture how the system would scale with our diverse customer needs, and open the door to expanded services.”

.....

“Darice’s expertise in implementing major systems enabled SCALE to be installed in a relatively short time frame. They were prepared and committed to the process, which contributed to the overall success of the implementation.”

Josh Frerman, Senior Manager, Manhattan Associates

.....

DARICE STRINGS TOGETHER EFFICIENCY, FLEXIBILITY AND GROWTH

Darice installed the solution throughout its facilities, leveraging the rapid deployment capability of Manhattan SCALE. “Darice’s expertise in implementing major systems enabled SCALE to be installed quickly and efficiently,” said Josh Frerman, senior manager at Manhattan Associates. “They were prepared and committed to the process, which contributed to the overall success of the implementation.”

Darice gained the flexibility to manage changes in its fulfillment processes and streamline operations. The company can react more quickly to changes in transportation, documentation or labeling requirements, and other challenges that might occur. And the technical environment is less expensive to operate, lowering the total cost of ownership. “We’re well positioned to expand our offerings to include seamless distribution services,” said Petkunas. “With Manhattan SCALE, we can broaden our revenue and handle any challenges the future brings.”