

Cleveland Brothers Delivers 500 Orders Per Day with 40% Less People Using Tecsyst's Elite WMS

SUCCESS STORY



Snapshot: Cleveland Brothers

Industry

Heavy Equipment, Service Parts

The Challenge

Cleveland Brothers has become one of the largest Caterpillar dealers, handling some 500 orders per day and 170,000 items in their inventory. The Company needed to support its management, parts distribution and services staff with a robust warehouse management system and provide them with real-time visibility and tracking of parts and orders throughout their supply chain.

Tecsys' Solution

Tecsys' Elite Warehouse Management System. Cleveland Brothers selected Tecsys because of its extensive expertise and proven solutions at several Caterpillar dealers across North America.

The Benefits

Within just a few months of deploying Tecsys' Elite WMS, Cleveland Brothers has realized substantial savings and significant operational benefits, such as 99.98% fill rate, 99% order accuracy and the ability to handle 20% more products in inventory with 40% less people.

Increase in order accuracy to

99%



Savings in labor costs

28%



"Without Tecsys' Elite WMS, we would have not been able to handle the load. We would have had to add people. The idea is, with Tecsys' Elite WMS we do more with less. At one point we had 47 people, today we are handling the load with 28, even after increasing the number of products in our inventory by almost 20%."

Rick Hoose
General Parts Manager,
Cleveland Brothers

About **Cleveland Brothers**

Cleveland Brothers was founded in 1948, and had served as Central and Northeastern Pennsylvania's Caterpillar dealership for more than half a century. The Company sells, rents, services and finances equipment for the construction, mining, agriculture, forestry, marine, oil and gas, and electric power industries.

In 2005, Cleveland Brothers acquired Beckwith Machinery Company and One Call Rentals Inc., and in the process more than doubled its size, expanding its sales and services coverage throughout Pennsylvania and into parts of West Virginia and Maryland. Today Cleveland Brothers, while a large equipment dealership, remains a family-oriented business, operating from 25 locations with a keen focus on meeting the needs of its customers by providing excellent service, a focus that has always been part of the Company's foundation.

Cleveland Brothers' customer focus is exemplified by its drive to continually improve customer service with a clear operating principal as part of its mission: "Every action we take, every decision we make, is evaluated in terms of the impact on our customers and how they will benefit from it."

Since it was founded, Cleveland Brothers has known that to be successful, its customers must succeed. Today, with several hundred dedicated service technicians, thirteen daily deliveries to customers and an improved fill rate to more than 99% after the deployment of Tecsys' Elite Warehouse Management System (WMS), the Company has clearly demonstrated its significant commitment to customer service excellence.



Challenges

Following two acquisitions, Cleveland Brothers has become one of the largest Caterpillar dealers. The Company needed to support its management, parts distribution and services staff with a robust warehouse management solution and provide them with real-time visibility across their parts supply chain.

Furthermore, with the Company's expansion to an 85,000 square feet central warehouse, they needed to move away from their labor-intensive logistics activities and acquire a Warehouse Management System (WMS) compatible with the Caterpillar Dealer operating environment.

Cleveland Brothers' challenges were to:

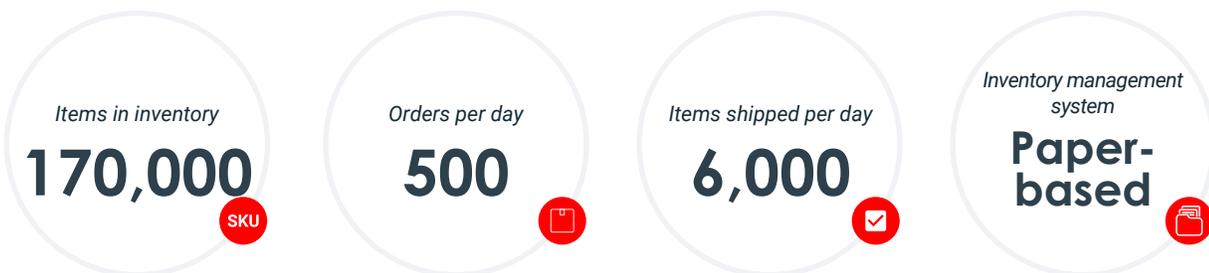
- Move from a paper-based to an automated inventory management system
- Better manage its resources
- Efficiently manage 170,000 items in inventory
- Process 500 orders and ship 6,000 items per day

Cleveland Brothers also wanted to respond to customers in time; both from services and from delivery points of view and track orders, parts and deliveries throughout their supply chain.

In pursuit of its excellence in customer satisfaction, Patricia Hays, Vice President of Technology at Cleveland Brothers and her team embarked on the search for the right system to support its mission-critical distribution operation for its parts center. They needed a supplier that understood parts distribution and the Caterpillar Dealer's environment; the uniqueness and wide variety of Caterpillar parts. As importantly they needed a supplier that can provide:

- A robust & feature-rich Warehouse Management System with real-time visibility
- Advanced technology that is easy to deploy and use

A combination of the recommendations from Boston Industrial Consulting, an independent operations and industrial engineering firm, and a visit to Milton CAT, another major Caterpillar Dealer and a Tecsys customer, provided Cleveland Brothers' management with a convincing case to move forward in favor of Tecsys.



Solution

Cleveland Brothers selected Tecsys because of its extensive expertise in distribution and Caterpillar Dealers operations. They also selected Tecsys because of the Company's proven solutions at several Caterpillar dealers across North America and major automotive parts distributions centers in Canada.

To provide Cleveland Brothers with one of the most sophisticated and efficient distribution infrastructure, Boston Industrial Consulting in collaboration with Tecsys integrated and deployed an automated handling system, supporting:

- A custom bin-sizing specifically designed for Caterpillar environments to maximize warehouse space and minimize new equipment expenditures.
- Segregation of parts as conveyable vs. non-conveyable based on part dimensions, shape and weight.

By sizing the pick face location, Cleveland Brothers is now able to significantly reduce the labor required to replenish each location. By balancing activity across multiple pick zones, they have reduced congestion in zones, improved material flow and reduced the total response time for a given order or batch of orders.

In addition to zone picking, a pick-and-pass application was utilized to maximize picker productivity while maintaining a minimum number of packing transactions. The area serviced by the conveyor was divided into 6 pick zones. A new order could be started in any one of the six pick zones, depending on who was ready for more work. Upon completion of the picks required in that zone, the operator would put the tote on the conveyor. Tecsys' Elite WMS communicates with the WCS (Warehouse Control System) and directs the tote to the appropriate next pick area, or if complete, to the outbound packing area. If picking in another area was required, the tote would be diverted into that pick area. The picker simply scans the tote and resumes picking the same order, into the same tote.

With Tecsys' Elite WMS, Cleveland Brothers has the following capabilities:

- **Ability to manage inventory in multiple locations**
- **Full RF capability for all transactions – paperless warehouse**
- **Multiple pick strategies (order, zone, wave)**
- **System-directed activity (putaway and picking)**
- **Cross-docking**
- **Emergency order interrupts for “will calls”**
- **Full compatibility with Caterpillar supplied bar codes (FL/MR tags)**
- **Cubic dimensions for Caterpillar parts**
- **Full integration to Caterpillar DBS (Dealer Business System)**

Solution

Cleveland Brothers was able to be up and running on Tecsys' Elite WMS in less than four months. In the process, they reduced labor and operating costs and increased order quantity. As importantly, they enabled the business to become more profitable and at the same time increased customer satisfaction. The whole transaction was executed quickly:

- Signed with Tecsys in April
- Moved in the new warehouse and moved in products to the new warehouse facility in November
- Went live on the Tecsys software in December

Cleveland Brothers' parts center is strategically located about two hours from Caterpillar in York, Pennsylvania; enabling the Company to order and receive daily shipments to support uninterrupted service to customers. The complete cycle of receiving, putaway and shipments to customers is handled through a 3-shift process over a 24-hour period.

Orders entered by all Cleveland Brothers locations are processed and pulled by warehouse personnel during the first and second shifts. Stock orders from the Caterpillar distribution center are received in the afternoon and second shift sorts the parts for all the other Cleveland Brothers' locations. When the parts shuttle trucks begin arriving, the second shift starts cross-docking the loads of parts, attachments and components which will be transferred between locations. Emergency orders from the Caterpillar distribution facility arrive by 11 p.m., and once that truck is off-loaded and sorted, shuttle trucks are reloaded and released on their return routes to their destinations by midnight. The third shift arrives, and if needed, assists the second shift and then begins to stock the central distribution center in Bellefonte, Pennsylvania. This schedule allows parts to be ordered one day and ready for pick up by customers or service personnel the following morning.

Inventory orders to Cleveland's central DC are putaway either through directed or non-directed putaway processes. With system-directed putaway, warehouse workers are not required to be familiar with all the products the Company carries to put them away in the correct bin location. With Tecsys' Elite WMS multi-bin function, parts are dynamically allocated based on the next appropriate and available space in the warehouse. This provides Cleveland Brothers with the flexibility, efficiency and cost saving benefits.

Solution

Orders are sent to the picker handheld RF device with required delivery information; delivery destination & order priority. Orders can be automatically escalated based on time and header details (ex. carrier code, customer account etc...). Tecsys' Elite WMS rules protect waiting orders from being grouped with lower priority orders, ensuring lower order duration.

After picking is planned, up to ten orders can be pulled by making one pass through each zone, providing significant productivity gain to Cleveland's parts center. Pickers are required to scan inventory locations and enter the quantity pulled. Completed orders (per bin class if zone pulling) are dropped at packing stations where they are packed then directed to will call/shuttle/service based on the relevant order type. Parts are then scanned to licenses which are tracked until the final destination is reached.

Deploying Tecsys' Elite WMS at Cleveland Brothers' Parts Distribution Center means that the Company has virtually eliminated paper processes and is now able to handle substantial volumes swiftly without adding resources.

Benefits

Today, logistics processes at Cleveland Brothers are significantly more efficient, parts and transactional records are electronic; data entry and retrieval are enabled through RF technology:

Tracking of parts and orders are handled through Tecsys' visibility applications, empowering the Company's staff to:

- Track any part or order, anytime, anywhere
- Verify records of every transaction
- Ensure that they have the right product, right order at the right time
- Virtually eliminated time wasted looking for a part or an order

Below is a summary of the major benefits realized by Cleveland Brothers after deploying Tecsys' Elite WMS:

Key Performance Indicator	Increase/Decrease
Number of people	40% ↓
Number of items in stock	20% ↑
Fill rate	to 99.98% ↑
Labor cost	34% ↓
Order accuracy	to 99% ↑

Benefits

Within just a few months of deploying Tecsys' Elite WMS, Cleveland Brothers has realized substantial savings and significant operational benefits, they include:

Order Accuracy	99%+	<ul style="list-style-type: none">• Gain of 90% for searching in order fulfillment• Tecsys' Elite WMS minimizes the amount of product search in the warehouse• No empty pick location
Cost Saving	34%	<ul style="list-style-type: none">• Traveling, searching, pulling products, & paperwork etc...
Gain for Traveling in Order Fulfillment	40%	<ul style="list-style-type: none">• Cluster pick, pick multiple orders at once• Zone pick• Pick multiple orders at a time in a zone
Order Fulfillment Process	Significantly Improved	<ul style="list-style-type: none">• Optional pick sequence• Assigns picks via RF and optimizes assignment by batch, cluster etc...
Receiving, Putaway & Material Handling Savings	47%	<ul style="list-style-type: none">• Sort and reconciliation: efficiency gain due to online reconciliation of line quantities to PO• Putaway – efficiency gain due to divided putaway algorithm• Paperwork – efficiency due to online, real-time update and integration to PO system
Labor Cost Savings	28%	<ul style="list-style-type: none">• Checking and packaging costs• Data entry
Errors	Virtually eliminated	<ul style="list-style-type: none">• Tecsys' Elite WMS best practice is yielding 99%+ shipping accuracy

About **Tecsys**

Since our founding in 1983, so much has changed in supply chain technology. But one thing has remained consistent across industries, geographies and decades – by transforming their supply chains, good organizations can become great.

Our solutions and services create clarity from operational complexity with end-to-end supply chain visibility. Our customers reduce operating costs, improve customer service and uncover optimization opportunities.

We believe that visionary organizations should have the opportunity to thrive. And they should not have to sacrifice their core values and principles as they grow. Our approach to supply chain transformation enables growing organizations to realize their aspirations.



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