Manufacturing Systems Corp

1000Bulbs.com

About 1000Bulbs.com

1000Bulbs.com is an online lighting company that sells and distributes virtually every type of light bulb available. Although commercial business accounts for 50 percent of the company's revenue, consumer sales represent 80 percent of their orders. Simply put, 1,600 of the 2,000 daily orders have very few items. With 35,000 items in the product database and 10,000 of those in stock at any time, the paper-based picking, packing and shipping system was causing serious problems that were affecting customer service, profit and the company's ability to expand. Nowhere were the problems more pronounced than in the areas of receiving, inventory control and order tracking.

Management knew automating the warehouse was an important step in solving the problems and set out to find a warehouse management system (WMS) that would integrate with their current business software. COLLECT® WMS from Manufacturing Systems Corporation quickly became the obvious choice.

Receiving

The critical issues facing 1000Bulbs began on the receiving dock where shipments received were put into inventory on paper, regardless of their actual location. While the goal is to have product put into stock on the same day it is received, that was achieved only 10 percent of the time, resulting in orders going unfilled because product that was supposed to be available in the warehouse was not.

With COLLECT® WMS, when new inventory is received into the warehouse it is automatically placed into a location "Unknown" until it is scanned into a bin location. Every 15 minutes the system checks that location looking for changes. With visibility into the true status, 1000Bulbs.com now achieves their same-day stocking goal 95 percent of the time. A more than impressive improvement from the previous 10 percent.

Inventory

Because all picking was done from paper orders, 2,000 per day, there was no way to decrement stock from the actual bin where the product was picked. Instead, the stock was decremented from the location recommended on the order, before the order was even picked. The problems caused by such as system are non-trivial. Pickers would arrive at a bin location only to find the product they needed missing or in short supply.

Another inventory issue that frequently resulted in discrepancies between the pick list and reality arose because the ERP decremented stock at invoicing, not when the stock was picked. Pickers were often required to simply move from bin to bin until the item(s) they needed were found. But, again, because of the paper system, the product was assumed to have come from the location recommended on the pick list.

Implementing COLLECT® WMS has given the warehouse team access to inventory – what they have and where it is – in real time. When product is picked, COLLECT® decrements stock from the actual bin, not the one recommended by the now electronic pick list. The end result is an 11 percent increase in picking per labor hour. While that may not seem significant, not only has the increased productivity allowed 1000Bulbs.com to not only achieve its goal of expanding, by tripling their warehouse space, the added efficiency has allowed them to do so without increasing staffing levels.

Order Tracking

Before COLLECT® WMS, when a paper pick list hit the floor, tracking the order was impossible until it arrived at shipping. In a low margin/high volume business, customer service is crucial for success, and part of that service is being able to change orders before they are filled. Without the ability to locate orders, 1000Bulbs.com had to wait until they were filled, losing precious time and delaying orders.

COLLECT® WMS requires a scan of each item picked and that pick is immediately recorded in the database and made available for tracking. Another benefit of the automated system is that pick lists are no longer signed, or not signed in many cases, by pickers. With COLLECT® the picker logs on to the handheld and his/her employee number is attached to every action it records until they logoff.

Before implementing COLLECT®, 1000Bulbs.com had already achieved 99 percent order accuracy, but every order was checked three times in order to get to that number. With COLLECT®, every order is checked only once and the accuracy has gone up to 99.3%

Productivity Tracking

An added benefit to 1000Bulbs.com is the ability to set and track KPIs objectively. Every member of the team has metrics they need to hit each shift and COLLECT® gives supervisors visibility into the number of transactions completed and the time taken to complete the transactions among other things. And because data is collected in real-time, supervisors can see where any member of the team is in relation to their daily goal during any part of their shift.

Why 1000Bulbs succeeded with COLLECT®

Collect® is a robust warehouse management system that has given 1000Bulbs.com the functionality it needs to achieve its immediate goals – improved customer service, profitability, and expansion – as well as its goals into the future. Three key functional pieces have driven the success 1000Bulbs.com has achieved to-date:

Directed Putaway – When inventory is received the items are put in an "Unknown" location, and operator scans the pallet's "license plate number", identifying the content of the pallet, signaling COLLECT® to create routing that assures the materials are put into stock in the most efficient way possible. With the added efficiency comes increased speed and accuracy, as well.

Dynamic Bin Allocation – Using a "velocity strategy", COLLECT® allocates inventory in the warehouse so the most active items are located in the most convenient locations. As the system collects data on item activity, reporting will show changes in levels over time giving 100Bulbs.com visibility into when and how the warehouse can be re-organized to maintain maximum use of the space available.

Batch Picking – Every COLLECT® user has a profile that identifies which area of the warehouse they are assigned to, what type of equipment they have, and how many orders a batch should contain for them. At the beginning of a shift, or any time they need work, the user communicates this through the handheld and the system automatically selects and downloads the proper selection of orders. When the batch is complete, they signal the completion and COLLECT® creates another batch.

The Bottom Line

Automating their warehouse processes with COLLECT® WMS has increased the speed and accuracy of filling the 2,000 orders 1000Bulbs receives each day. With new visibility into inventory and employee productivity, management is confident in their ability to continue driving more and bigger improvements that will ultimately lead to even higher levels customer service, customer satisfaction and profit.