

Food and Beverage Case Study: Achieving Bottom Line Savings with a LMS

Labor accounts for one of the largest areas of expense within distribution operations, making it an important area of focus and optimization. Labor Management Systems (LMS) deliver considerable cost savings in the forms of greater efficiencies, reduced labor expenses and enhanced capabilities. Similarly, analyzing and improving operational processes independent of implementing labor performance standards also delivers significant savings. This case study demonstrates how a leading food and beverage distributor achieved significant annual labor savings by partnering with enVista to evaluate and implement a new LMS, in conjunction with engineered labor standards and pay per performance incentives.

The Company

With over 60 years of experience, this family-owned restaurant and food distribution company is one of the largest privately held companies in the United States. Three generations successfully run the company and continue its success. The client has gained an outstanding reputation for establishing world-class standards in the food distribution industry, as well as high customer retention and loyalty. The food distributor serves more than 20 popular restaurants and chains throughout the United States.

enVista's client generates approximately \$4 billion in annual sales and operates over 30 distribution centers. The first distribution center was built on the East Coast, but over the years, additional centers were strategically built throughout the U.S. in order to serve the company's extensive customer base.

The Opportunity

The client operated a home-grown (IBM mid-range AS/400) warehousing system across all distribution centers. However, the system took on two different forms: a third of the centers operated with a reserve inventory system combined with a voice selection system, and the remaining centers operated on

a system where selection was done via labels, and inventory labels were limited to primary pick slots. The client needed to determine if a best-of-breed Warehouse Management System (WMS) and/or Labor Management Systems (LMS) offered adequate base functionality to achieve a rapid and significant return on investment.

enVista's Solution

Through a selective bidding process, the client engaged enVista to conduct a thorough analysis of their existing WMS and LMS capabilities.

As part of the initial review, enVista provided its client with a projected return on investment for a new WMS and LMS, and for the development of missing functionality within the client's current system. Based on enVista's analysis and recommendations, the client decided not to immediately replace its WMS, instead opting to invest in LMS software due to the quick payback for the investment. In parallel, enVista recommended several immediate changes to the client's



existing WMS application that would be low-cost, yet high-value and would return their investment prior to the future implementation of a new best-of-breed WMS.

Working with enVista, the client developed a three-pronged LMS implementation approach. The first phase utilized the new LMS solution provider's engineering services as "lead" in the process. enVista's engineering team was on-site to support best practices and work with the vendor on the change management portion of the distribution center training. Next, there was a shift from the vendor's engineering to enVista's engineering team, and enVista picked up the "lead" as project manager. Lastly, enVista trained the client's industrial engineer to take charge of the longer term project.

The Results

enVista's successful implementation of a new LMS resulted in a 10-20 percent increase in throughput across the client's first seven distribution centers within a fifteen-month timeframe. By standardizing labor processes, the client was able to realize potential savings and higher returns and is now saving 10-15 percent annually across all applicable warehouse locations. Through the new implementation, enVista was able to uncover additional areas for improvement, such as inconsistencies in their current legacy WMS, incorrect item weight and volume measurements, and purchasing issues. All of these areas were addressed and corrected in conjunction with the LMS roll-out. Once the return on investment has been met, the client is expected to save 10-15 percent annually on their labor costs.

For more information on enVista's services, please call 877-684-7700 or contact inforequest@envistacorp.com