

WALTONS DRIVES EFFICIENCY

By Implementing Manhattan Scale

OPERATIONS

Headquartered in Johannesburg, RSA
3 Distribution Centres | 52 Stores

MANHATTAN SOLUTIONS

Manhattan Scale



6 Months

ROI

166%

Pick Productivity

-52 %

Labour reduction

“Without the Manhattan WMS successfully implemented by SCJ, we would not have had the confidence to close 3 regional distribution centres creating a significant cost saving.”

- RICHARD CURRIN, FINANCE EXECUTIVE

WALTONS AND SUPPLY CHAIN JUNCTION

Productivity improved by 166% while reducing staff by 52%.

COMPANY

Waltons Stationary started in 1949 as a family run stationary store in Cape Town. Stocking high quality product ranges and providing excellent customer service provided the foundation that has become an iconic brand with 52 stores throughout South Africa. Waltons joined the Bidvest group of companies in 1997 and continues to pride itself on attention detail, providing friendly service and providing innovative, high-quality products.

CHALLENGE

There was no distribution efficiency and logistics and cost to sales costs were “sky-high”. They had relied on their legacy ERP to run their warehouse, which provided little to no visibility of their warehouse processes, was paper based, labour intensive, slow and cumbersome.

SOLUTION

The Supply Chain Junction implementation of the Manhattan WMS helped lay the foundation for the 3 core pillars of supply chain transformation, namely WMS, Loading / TMS & client visibility. The decision to implement a WMS has seen Waltons transform a previously chaotic environment into an efficient, streamlined warehouse. Previous paper-based processes with little to no visibility are now efficiently tracked and the foundation to completely optimize every process in the warehouse providing a solid base for the complete supply chain transformation.

CRITICAL BUSINESS ISSUES

- Achieving a higher level of inventory accuracy for cost savings and revenue growth
- Improve stocking and inventory management and eliminate downtime of closing for stock counts by using perpetual counts
- Poor optimisation of internal warehouse facilities
- Low internal staff satisfaction and a culture resistant to change
- Intuition-based decision making versus data-driven decisions
- Needed reduction of costs to provide competitive advantage
- Stagnating system needs to be replaced with continuous improvement protocol

THE RESULTS

- Increasing inventory accuracy to 97% up from 87% on first WMS stock and no formal measurement prior to WMS
- Increased warehouse “invoiced” order accuracy to 100%
- 27% reduction in reverse logistics cost and admin
- Improved pick productivity 166% from 30 tasks per hour to 80 tasks per hour.
- Stock takes reduced from 6 days to 12 hours
- Reduced warehouse labour (dispatch and DC labour) by 52% saving R5.63 million or US\$388k
- Reduced overtime by over 20%
- Virtually eliminated stock shrinkage
- Extended next day delivery order cut off – from 14:00 to 15:30 – resulting in increased customer service levels
- Closed 3 regional DCs resulting in
 - Reduction of administrative costs of R2.76m per annum
 - Reduction in stock inventory holding of R15m
 - Leveraging central DC to fulfill regional orders

“The platform allows us to experiment with anything. We can brainstorm an idea on Wednesday, deploy on Friday and decide in the first few days of the following week whether to roll back or move forward. It has really helped with the iterative approach that we have taken to optimization.” – Jaco Opperman, IT Manager

ROI ANALYSIS

FINANCIAL SAVINGS SUMMARY

Exchange rate: 1US\$ = R14.5

	Annual / Once off	Rand Value	USD Value
Staff reduction (145 down to 76 or 52%)	Per annum	R5.63m	US\$388k
DC consolidation	Per annum	R2.76m	US\$190k
Inventory holding	Once off	R15m	US\$1.034m
Overtime reduction	Per annum	R560k	US\$45k
Reverse Logistics Cost reduction (3200 down to 2350) invoice errors		27%	27%

Annual savings over 3 years: R25.336m \$1.747m

Once-off savings: R15m \$1.034m

Annual Savings Calculated as follows:

- DC consolidation:
 - R230k X 12 = R2.76m X 3 years = R8.28m / \$571k
- Warehouse labour reduction:
 - 69 X R6800 = R469k X 12 = R5.63m X 3 = R16.89m / \$1.16m

Project ROI – inside 6 months from Go Live

