

# ELITE HOME PRODUCTS, INC.

## Sews Up Efficiency, Service Gains with new Facilities and AccellosOne WMS

When Elite Home Products Partners David Schatz and Scott Perretz decided to outsource production to overseas suppliers – currently firms in China, India, Pakistan and Portugal -- they essentially traded the complications of manufacturing for those of logistics.

Based in Saddle Brook, New Jersey, Elite Home Products, Inc. markets a full range of bedding products – sheets, shams, duvets, blankets, etc. -- through top mass market retailers. Orders for such conventional outlets usually range from a few pallets to multiple truckloads and often are scheduled for delivery anywhere from within the week to literally months in advance. By contrast, the broad popularity of Internet retailing led the company also to develop a vigorous fulfillment business, a pressure-packed operation that requires thousands of small orders to be shipped to thousands of addresses each week, virtually on demand.

Over the years, Elite's challenges were amplified by increasingly outdated warehouse operations and labor-intensive fulfillment processes. But in late 2011 that changed with a move to a modern building and the installation of state-of-the-art AccellosOne Warehouse Management Systems software to manage the company's warehouse processes. The relocation has resulted in streamlined, error-free operations, eliminated virtually all errors, reduced costs significantly and essentially, charted a new way forward.

### Need for Change

President and executive vice president, respectively, Shatz and Perretz founded Elite in 1998. From the beginning, the company eschewed the licensed product approach (Ralph Lauren, Calvin Klein, Martha Stewart, etc.), preferring to focus on their own brands. As manufacturers, they had developed Elite's own product line, designed or contracted its designs, and operated a full capability production facility for sewing, assembly, packaging, storing and distribution of the merchandise. Three years in, however, the partners shifted their focus from that of a manufacturer to that of an importer, operating from a multi-story facility in Passaic, New Jersey.

According to Operations Vice President Al Maurer, the business prospered, but the change of direction also exacerbated issues associated with orders and inventory that would not go away. That changed with the company's 2011 move into the well-organized new single-story facility in nearby Saddle Brook.

Historically, Elite's warehouse operations were 100 percent manual and there was little-to-no method in the placement of inventory. In the absence of racking or assigned bin locations, storage and retrieval was totally dependent on what Maurer calls the "tribal knowledge" of the

work force – that is, where goods would be placed and where/how they were to be found.

Containers arrived daily – 300 or more per year. The floor-loaded product would be unloaded, palletized, and moved to whatever space was available on the warehouse floors. Inventory records were later updated in the management software, initially a home-grown system that was later replaced by Sage Pro ERP 7.5. Moreover, the inventory was split between two locations: two-thirds of it at Elite's own facility and the balance at a third party logistics site in Sayerville, about an hour distant (in light traffic).

### Dual Business Tracks

In Elite's traditional distribution process, multiple pallets and even full truckloads were and are shipped in a given day, often orders placed weeks in advance. In the Internet-based process, consumer orders placed on-line with such entities as the Home Shopping Network and Overstock.com arrive via EDI and normally ship same- or next day.

"We drop-ship 2,000 or more of these orders per day, and we were experiencing too much inefficiency and far too many fulfillment mistakes and delays," Maurer says. As an example, he cites a direct-to-customer order that might call for two products, one inventoried in Passaic and the other at the contract warehouse. Fulfillment would entail a stock transfer, almost inevitable shipment delay and additional labor and handling costs.

Another example concerned the inability to allocate inventory: "We could get a retailer order for 10 pieces to be shipped in three weeks," Maurer says. "Then we might get a second order for the same goods to be shipped sooner, from a different customer. We would fulfill the second order and unless the inventory was restocked in the interim period, we could be unable to fill the order when the scheduled shipping data for the first order arrived."

Nevertheless, he notes, "...we did many things very well -- our customers recognized and appreciated that -- and we were very responsible in correcting problems."

### New Facility

Most of the problems were quickly on their way to solution with the move to the highly organized new physical warehouse and the Accellos software in place to manage it. The new facility comprises 60,000 square feet on a single floor, 58,000 of it devoted to inventory and the balance to administrative and executive offices. Typically, the company maintains an inventory of some 4,500 SKUs at any given time, at least 2,000 of them active.

# AccellosONE WMS

## COMPANY

Elite Home Products, Inc. markets a full range of bedding products – sheets, shams, duvets, blankets, etc. -- through top mass market retailers and it also fulfills on-line orders for a number of customers. Orders for conventional retail outlets range from a few pallets to multiple truckloads, with deliveries scheduled up to months in advance; online orders usually same-day.

## SITUATION

Outmoded, dual warehouse facilities, manual procedures, burgeoning sales and fast-developing Internet fulfillment challenges combined to exert pressure on the company's operations. With no racking or assigned bin locations, storage and retrieval was dependent on the "tribal knowledge" of the work force – where goods would be placed and where/how they were to be found.

## SOLUTION

Elite relocated to a modern, single-level building and installed state-of-the-art AccellosOne WMS software to manage the company's warehouse processes. The warehouse is configured for maximum productivity, with the configuration replicated virtually in the Accellos software, which communicates with Elite's Sage Pro ERP software via a sophisticated wireless network

## RESULTS

Accellos Partner WAGCC implemented the software ahead of schedule and the concurrent moves to new facilities and the new WMS were achieved with no interruption in business. Staff took to the new system quickly; putaway, picking and shipping are faster, with 99 percent-plus accuracy. Many operations have been automated, with paper processes to be eliminated.

## BENEFITS

- Integration with Sage Pro ERP
- Implementation in just five weeks
- No interruption in business
- Precise warehouse configuration
- Wireless WMS-ERP communication
- Directed putaway, picking
- Consolidated order selection
- Automated, verified parcel shipping
- Flexible allocation-unallocation
- Reporting to "granular" level
- On-demand planning tools
- Reduced staff requirements
- 99 percent inventory accuracy
- 8,000 parcels/shift capacity
- Productivity standards available
- Precise staging of large-retailer orders

The new facility features 10 aisles with high ceilings allowing for four levels of racking. Internal operations from receiving to shipping have been streamlined through the use of wireless communications to exchange data between the warehouse floor and the company's software systems. Operations are well mechanized with order pickers, reach trucks, a sit-down fork-lift and a fleet of pallet jacks, and the company currently is considering a conveyor system to help reduce floor travel as well as to accelerate the picking and packing processes.

Staffing varies, ranging upwards from a dozen to as many as 20 on a single shift, well below the number needed to man the earlier multi-story facility in Passaic and not including the workers assigned to Elite's inventory at the 3PL warehouse. In the new facility, warehouse operations are directed over a wireless network that establishes communications between the floor, the Accellos system and the Sage Pro ERP software, using Motorola and AML handheld devices.

"Initially we purchased eight of the handhelds, but we underestimated their impact and quickly had to order two more," Maurer says. "Now it looks like will need as many as 14. Warehouse staff took very quickly to them and now, everyone wants to use them."

## Software

Elite had long recognized the need for a more effective inventory management solution, which until recently was conducted manually within the Sage software. With expiration of the company's lease agreements looming, management began exploring more efficient physical resources. At the same time, it began exploring software solutions that would better organize and control internal operations and which would work seamlessly with the Sage Pro ERP accounting system.

Maurer and his associates considered several alternatives, also consulting with WAC Consulting Group (WACCG), their Sage Pro ERP vendor based in Landisville, Pennsylvania. The ERP specialists called in their Virginia affiliate WAC Consulting Group Fredericksburg, who offered special expertise in WMS software. The Virginia group assured Maurer and IT Director Ed Madden that they could implement AccellosOne WMS, their premier solution, for Elite within both the required 45-day time frame and the company's budget constraints.

"I had been familiar with the Accellos software for years," says Maurer, whose career spans some 30 years' involvement in the warehousing field. "I knew the functionality and while no system is 100 percent out of the box, the Accellos solution looked to be an almost perfect fit."

AccellosOne WMS is a scalable and flexible real-time warehouse management software system that streamlines operations and inventory management through the use of automated paper-free processes, and radio frequency (RF) communications. With these technologies, it tracks stock into, out of, and within warehouses, streamlining and verifying processes with each movement.

For inbound product, it facilitates receiving up to full containers and coordinates the breakdown and putaway activities. For picking and shipping, it facilitates order receipt and fulfillment through paper pick tickets or wireless RF terminals, customer compliant label generation, and real-time integration back to the ERP software.

## Implementation

Executing the physical move was a pressure-packed effort involving Maurer and Madden, a warehouse design consultant and the Fredericksburg-based WACCG team headed by Dane Karcher. WACCG provided the Accellos software and the implementation services while the wireless network was installed by a third party.

With the design consultant laying out the aisle, rack and bin structure of the facility, Karcher's team was able to replicate the physical layout in the software and completed the integration of the Accellos software with the Sage Pro ERP system as well as the 123EDI software, which is critical to Elite's online fulfillment process. The job was completed ahead in just 36 days.

"All elements of the project took place at the same time," Karcher says. "Working with the design consultant, we were able to replicate the warehouse layout in the software even as it was being developed. We had it configured even before the racking went in and as we were performing the configuration, we also identified the pick paths, designated them by bin sequence, and refined the software's features to Elite's specific requirements."

*"We could not have achieved these things without the Accellos software and WACCG's commitment and expertise. With training, our staff was able to execute the new processes quickly and they're fully on board with the new way of doing things."*

*Al Maurer, VP Operations*

"This level of coordination was critical, since we ultimately had to go live with the software even as the product was being shifted from the previous facilities to the new location. The move required close to 100 53-foot trailers."

The WACCG team handled the entire project in a highly professional manner and were able to compress what could have been a six-month deployment to less than six weeks, Maurer says. From initial contact in June, 2011, WACCG had the solution ready for cutover in August.

"Our process is a fairly simple one that we have perfected over our years of working with AccellosOne WMS and its predecessor software," Karcher says. "Prior to the sale, we were able to show Elite that we were clear on their needs, we verified through ROI calculations that we could satisfy their stringent budget requirements and importantly, that we could meet their rigid timetable for moving to the new quarters."

### **Drop-Ship Headache**

A particularly complex aspect of the integration addressed the drop-ship orders, which arrived via the company's legacy EDI system. Integration of the legacy EDI solution turned out to be one of the biggest problems, Maurer says, citing the drop-ship operation's rigid time constraints and the fact that the EDI software was highly customized to individual customer requirements.

"We were dealing with a large number of small orders," he says. "You couldn't simply grab a pallet and move it to the shipping area as you can in fulfilling large store orders. Handling the individual orders was personnel intensive, with many people picking individual orders from many different locations. WACCG implemented controls in the software that allow orders for goods stored in proximate locations to be consolidated and assigned to single pickers, who assemble them and move them to the packing and shipping location."

"The time savings are significant when you're dealing with 2,000 drop-ship orders per day. Now, five or six people do in a day what used to require up to twice that number. We plan additional improvements that will further accelerate the process."

### **Workflow**

The bedding products that Elite distributes are essentially commodities, Maurer says. The company sources its wares months ahead of each selling season, issuing purchase orders through the Sage software's P.O. module and which remain in the ERP system until the product arrives.

When containers arrive, the container number is recorded and the purchase order is uploaded to the Accellos system. As the floor-loaded container contents are off-loaded and palletized, barcodes on the individual pieces are scanned into the inventory records. Content is matched with the paperwork for the container and any variances are noted. Inventory records are updated electronically as the containers are unloaded, pallets are transported to available bin locations, and the locations are confirmed in the Sage software's inventory records.

Once in place, no further handling is required until orders for the goods are received. While the Accellos software can enable completely paperless picking, Elite chose to continue picking from paper slips and phase in the paperless process later. The slips are printed out on the warehouse floor, with pickers scanning barcodes on the slips for product locations and order details.

Traditional orders – those for retail outlets -- usually are assembled as full pallets or as bulk shipments comprising multiple SKUs and are staged for shipment according to customer requirements. The drop-ship orders do not allow the same flexibility; they have to be filled and shipped immediately with the customers – HSN, Overstock and the rest – kept informed with up-to-the-minute fulfillment information.

Each day's drop-ship orders arrive via the 123EDI software system and automatically enter the Sage software's order entry module, which downloads the data to AccellosOne WMS. The Accellos software prints out the pick slips in a thick "deck" of pages that include both the order

details and their shipping labels. The pick slips are matched to each item's description, color, size and other details.

Using a feature within the Accellos software, Karcher's team designed a system through which all orders for a given location are collated and picked at the same time. They are further organized in ascending alphabetical order so as to allow rapid coherent movement through the warehouse aisles, with as many as 20/30 items picked per stop.

Once picked, the orders are replenished to pallets and moved to one of two packing stations, each equipped with a scanner, printer and an automated taping machine. The printed packing lists carry a UPC label, which Accellos software matches to the contents of the boxes. The labels are removed and placed on their respective boxes after which the boxes are taped shut and are considered ready for shipment.

"Readying the parcels for shipping takes only a couple of seconds," Maurer says "We can prepare 1,000 parcels in only 50 minutes, or 8,000 in a single shift, with far fewer people than before." He notes that over the 2011 Thanksgiving Day weekend, the company prepared and shipped some 25,000 packages.

### Results

Allowed 45 days for the deployment of the Accellos solution, Karcher's WACCG team finished the job in only 36. In fact, merchandise was being transferred to the new facility as well as being shipped to both retail customers and consumers as the project was being completed. According to Maurer, the first day's merchandise transfer involved 75 53-foot trailers, 30 box trucks and a continuous flow of inbound containers containing new merchandise.

"We have tremendous regard for the competence of the integration team," Maurer says. "Top management was patient when there were problems

and the WACCG group was able to resolve them quickly. We never missed a day of drop-shipping to consumers and overall, our move was transparent to our clientele."

Picking is faster and more efficient, with every item in its proper location, expediting both item and case picking. Inventory accuracy hovers at 99 percent, and the company is able to update its drop-ship customers on a daily basis. "Now the online retailers can know exactly what we have and what we have shipped, enabling them to post their product availabilities accurately. Now, their customers never order anything that we don't have on hand."

The old allocation problem no longer exists. Any order within three months is allocated and made unavailable, although the Accellos software's flexibility allows for unallocation and reallocation – with the appropriate records maintained. Reporting is "orders of magnitude" better, to a granular level, with the company able to determine quickly the status of specific SKUs. It is developing productivity standards for picking and replenishment and to trace individual product histories, and it will soon be able to provide management with easy-to-use demand planning tools.

And, Maurer says, Elite is not stopping here. There will be a full transition to paperless warehouse processes, further streamlining processes that have already enabled a more efficient operation and additional reports and controls.

"We could not have achieved these things without the Accellos software and WACCG's commitment and expertise," Maurer says. "With training, our staff was able to execute the new processes quickly and they're fully on board with the new way of doing things."

## ABOUT ACCELLOS

Accellos is a global provider of logistics, warehouse, 3PL, transportation and mobile fleet management solutions. Accellos addresses the supply chain management and execution market with warehouse management systems for multiple environments; Microsoft Windows-based transportation management solutions; and in-field mobile resource management solutions. Accellos' powerful supply-chain execution solutions are easy to customize and implement, providing our customers with more innovation for less investment while producing significant savings and greater profitability. Through a culture of innovation, Accellos strikes the perfect balance of customer satisfaction, employee fulfillment and shareholder value, delivering greater profitability and rapid return on investment for our customers and accelerated logistics and warehousing services for the clients they serve.



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