

At Merchant's, The Customer Rules

Virginia food distributor is serving customers
by allowing them to serve themselves.

By Leonard Klie

When you're a full-line wholesale distributor of food, candy, tobacco, beverages, general merchandise, novelties and health/beauty care items serving more than 2,000 small retail and foodservice accounts in rural Virginia, Maryland and West Virginia, customer service is the lifeblood of your company.

"It's all about customer service," says Frank Waldrop, director of information technology at Merchant's Grocery Co. Inc., based in Culpeper, VA. "If you can't provide the customer with the best service, you will not have that customer for very long."

And Merchant's has had a number of customers for a very long time, meaning that its customer service-driven model is working. To maintain it, however, it needed outside help, and in 1998, the 85-year-old company brought in an enterprise resource planning (ERP) system from Integrated Distribution Solutions LLC (IDS) of Omaha, NE, to help it interact with customers better.

Since then, Merchant's Grocery has implemented other IDS software packages as well. It now employs IDS Power Enterprise, IDS Power Productivity, IDS Power Sell, IDS Power Net and IDS Power PDA to guide business operations inside its 120,000-square-foot distribution center and beyond. From the warehouse, which features two mezzanines using flow-through racks and conveyors and a multi-slot system to designate pick slots and overstock slots, it distributes more than 10,000 SKUs to convenience stores, school cafeterias, tobacco retailers, delicatessens and restaurants. Annual sales total slightly more than \$100 million.

IDS Power Enterprise is an ERP software package that

Merchant's Grocery Co. Inc. - AT A GLANCE:

- 1 warehouse (120,000 square feet) in Culpeper, VA
- 10,000 SKUs
- 2,000 customers
- 140 employees
- A fleet of 28 straight trucks and 4 tractor/trailors
- 12 dock doors
- 22-25 outbound shipments per day
- 15-20 inbound shipments per day



WORKING PRODUCTIVELY: IDS Power Productivity is generating gains for Merchant's Grocery.

handles most accounting and financial functions. It maintains information on pricing, order processing, vendor rebates, invoices, accounts payable and receivable, sales commissions and incentives, routing, inventory and sales analysis. The IDS Power Enterprise solution, housed on an IBM iSeries (AS/400) server, interacts with all the other software applications in use at Merchant's Grocery.

The same IBM server houses Merchant's Grocery's Web services, which are handled by IDS Power Net. The program monitors Web traffic on the company's Web site, located at www.merchants-grocery.com, and allows customers access to a secure portion of the site for managing their orders and viewing account information. The site also allows customers to place orders, print out invoices, log usage data, generate online reports by product, category, brand or manufacturer, view proof-of-delivery information and track rebates.

For Merchant's Grocery, the ability for customers to place orders through the Internet is a big plus in its goal to provide optimal customer support. "It really provides them a great tool for ordering," Waldrop says. "We have one lady with 27 schools in her district and she uses IDS Power Net to place

her orders every day. She loves that she doesn't have to take time away from her busy day to do it."

Increasing Productivity

For Merchant's Grocery's 10 sales associates, the IDS Power Sell and IDS Power PDA applications have provided a huge boost in their ability to service customer accounts effectively. Through IDS Power Sell, a remote sales application on their laptop computers, or IDS Power PDA on their handheld devices, they can enter orders and transmit them to the office for processing, all while still interacting directly with customers during routine sales calls. The system also allows them to build orders, schedule sales appointments, provide customers with sales analysis and pricing data, view customer invoices, suggest product substitutions and view the customers' account histories, all in real time.

Sales associates also use IDS Power PDA for scheduling, messaging and to maintain pricing information. Delivery drivers use it for routing and proof of delivery. Customers can use it to place their orders and view the status of orders. The PDA devices also can be used to compute sales tax, tobacco tax and pricing.

"With both IDS Power Sell and IDS Power PDA, our salespeople have better information to do things, and they have the information at their fingertips," says Waldrop.

Merchant's Grocery uses IDS Power Productivity, a labor monitoring system, to set standards for how long each task in the warehouse should take to complete and to monitor how well its 140 employees are performing against those metrics. Management also uses it to forecast future work loads, plan daily and weekly schedules and determine manpower needs for given tasks, such as receiving, put-away and picking. Merchant's Grocery's employees work in three shifts—a day shift to receive and slot merchandise, and afternoon and night shifts to select and load orders for shipment.

The company cannot afford to have lapses in productivity because delivery drivers run 25 truck routes per day. Its fleet of 28 straight trucks and four tractor-trailers run more than 800,000 miles per year. "We have a lot of flow and product turnover here," Waldrop says.

And as product leaves the warehouse and is placed on those trucks, it is important to be able to keep track of who picked a particular product load. That way, if an order is not picked properly, it is easy to determine who is responsible and to deal with that person accordingly, says Waldrop. As one might expect, worker productivity and picking accuracy



HIGH VOLUME: Merchant's Grocery employees have a lot of data at their fingertips thanks to IDS.

have both increased significantly, he says.

And because of the volume of data available through all the IDS applications, worker productivity has seen added gains. By letting people place orders and run reports from the outside, it took a lot of work off people's shoulders here," Waldrop says. "Before we had [IDS], we had to gather and provide all this information internally for them."

"Before IDS, we had an in-house, home-grown system. But, as the company grew, it was too taxed to accommodate what we needed it to do," says Waldrop. "The system was at its end and we couldn't go any further with it.

"We were very prohibited in what we would be able to do from there. We would not have been able to do all the things with the Internet that we are doing now if we had not integrated all our systems with IDS," he continues.

"We originally went with IDS because it was a better fit for us. It could do a lot that our old in-house system did for us," Waldrop notes. "The transition was a little rough at first, but it wasn't so much a software issue as it was a people issue. Any time you change things so radically for people, it's tough."

Then, when Merchant's Grocery upgraded to a newer version of IDS Power Enterprise, the transition was much easier, partly because of the incredible support it received from IDS. "It was very smooth because our people were already familiar with it, and IDS trained us on site and helped fully with the conversion," Waldrop recalls.

Merchant's Grocery's future plans include upgrading its current software applications to the most recent versions, all tied to IDS Power Enterprise version 3.1. "It has some very good features that will help us with our customers," says Waldrop. "I like the scanner interfaces and EFT (electronic funds transfer) applications.

Says Chris Smythers, vice president of operations, "IDS is a huge part of our business. We have been working with IDS for several years in our operations. In warehouse operations, I am anxious to improve every aspect of the operation. Looking towards the future, I think we will be very interested in using IDS Power Warehouse and possibly IDS Power Voice in our operation."

"Everything in this industry is customer-driven. It's about providing as much as you can at the least cost," Waldrop concludes. "IDS has been a good fit for us. It's allowed us to stay customer focused, serving our customers as best as we can, and it's certainly allowed us to grow as well."

For more information, contact IDS at 402-697-8757; www.ids-world.com

