CASE STUDY: Educators Resource

OVERVIEW

Educators Resource is the leading wholesale distributor of preK-8 learning materials and educational toys used by schools, teachers, parents and children. The company provides value to its retail customers by providing "best-in-industry" stock replenishment and order fulfillment services across a broad selection of products. The value of the company's services is determined by the accuracy, speed, and fill rate of its order processing, excellent customer service, and supply chain and operational efficiency.

HOW THE BUSINESS HAS CHANGED SINCE 2009 INTERVIEW WITH MULTICHANNEL MERCHANT

Back in 2009, Jack Summersell, President at Educators Resource, was interviewed by Multichannel Merchant about the company's use of the Robocom Warehouse Management System (WMS). Summersell was extremely positive in his review, noting the following benefits:

> 99.8% picking accuracy
> Improved ROI and customer satisfaction
> Minimized costs associated with returns and replacements
> Reduced warehouse operational costs
> Reduced stock-outs, short-picks and shrinkage due to inventory accuracy
> Meeting and exceeding service level expectations established by larger competitors

Fast-forward to 2015 and Educators Resource is still using Robocom's WMS and achieving tremendous success with the system. However, the company's business has undergone a dramatic evolution. "Since 2009, we have evolved from being a traditional wholesale distributor, where we were selling large orders to brick and mortar retail stores, to becoming primarily an e-commerce fulfillment company," explains Summersell.

SOLUTION SNAPSHOT

BUSINESS CHALLENGE

Educators Resource fell behind in order fulfillment as it processed orders for the back-to-school season.

ROBOCOM SOLUTION

The company transformed both its physical and technology infrastructures, upgrading Robocom's Warehouse Management, Order Management and Financial Management Systems, and moving from a Unix-based, Oracle database platform to a SQL-Server-based Microsoft Windows platform.

RESULTS

Educators Resource has streamlined its order fulfillment processes and eliminated both the physical and data bottlenecks that significantly hampered its operations, quadrupling the number of orders it now processes with ease.

Educators Resource continues to sell the same products, provided by the same manufacturers. But the company's retail and reseller customers have undergone a complete turn over. "Back in 2009 we sold to approximately 1,500 retail stores in the U.S. That number has since decreased to less than 500. In 2009, about five percent of our business was e-commerce fulfillment, now it is the vast majority of our business."

Summersell says some of the retailers have been sophisticated enough to replace their business with an on-line store. But for the most part, it has been new players from the outside, larger companies, that have been able to get a foothold in the new digital economy.

CHALLENGES

In 2013, Educators Resource faced a difficult challenge. The company fell behind in order fulfillment by three to four days as it processed orders for the 2013 back-to-school season.

"That's the time of year our customers really depend on us. The teachers are in a hurry to get their items in their classrooms. We typically don't get more then about a day behind," says Summersell. "The problem came down to a physical backup. At that time we had 16 packing tables and just one shipping station and two back ups. All 16 of our packing tables had product stacked up on them—for the whole month. There were times we had so many boxes stacked up that there was no room for packers to pack. It was a never-ending bottleneck. We realized then and there we had to make some major changes."

SOLUTION AND BENEFITS

Those changes came fast. The bottleneck happened Q3 of 2013, and by Q4 of that same year Educators Resource started transforming both their physical and technology infrastructures. Rick Register from Robocom visited in the middle of the 2013 back up. "He wanted to witness first hand what we were dealing with so that he could help us figure out a new plan forward when the dust settled. He was instrumental in helping us get that done."

Prior to the changes, the order pickers would place their orders on one of the 16 large packing tables. The orders would be huge—anywhere from 4-10 good-sized boxes. Those boxes would then go down a gravity conveyer and one operator would handle the shipping process. On any given day during that time the company was processing 500-1,000 orders per day.

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>
> — *Jack Summersell*
> *President*
> *Educators Resource*

Today, Educators Resource still has three or four of the large tables, but in addition the company has 40 packing tables that are geared for smaller orders. Each table has a computer and the packers also now function as the shippers. They pack the boxes, scan the packing slip, close up the boxes and affix the labels that include all necessary shipping information. The company also deployed a 5,000 sq. ft. mezzanine that had been stagnant for years and added a gravity spiral chute.

While the company's sales revenues have not changed dramatically since 2009, the number of orders it processes has almost quadrupled to 5,000 a day. "With e-commerce the number of orders has increased, while the size of the order has decreased. Customers may now order just one or two things, yet the overhead is still there, no matter the size. You still have the labor, the materials, the paperwork, the scanning—whether the order is for hundreds of items or just one. So the ability to streamline our processes, work smarter not harder, has been essential to our success."

Summersell says they were initially concerned whether their WMS would be able to support the new infrastructure. "We moved from using three shipping computers to 44 operating simultaneously and quadrupled the number of orders we needed to process. But Robocom supported the change with no problems whatsoever." The company also made a modification to the WMS that is specific to processing single-line orders. The change greatly added to the company's productivity gains.

In addition to the physical infrastructure changes, Educators Resource made significant technology hardware and software changes. They upgraded Robocom's WMS, Order Management System (OMS), and Financials System (AR/AP/GL), moving from a Unix-based, Oracle database platform to a SQL-Server based Microsoft Windows platform. In total, the company spent roughly one million dollars on the infrastructure and technology updates.

Since upgrading the Robocom Solution and investing in a new technology infrastructure, Educators Resource has eliminated both the physical and data bottlenecks that significantly hampered its operations just a few years ago. And the company has realized a number of other significant benefits.

"Before, our off-hours processing could take four hours on a regular day and eight to ten hours on a month end. Today, it runs in about an hour on a regular day and maybe two hours on a month end. We have so much more horsepower now."

— Jack Summersell

"Before the changes, at the end of a long work day we would still have to process all 5,000 or so invoices at one time, which could take four hours or longer. Then we would have to shut down the systems and perform our back ups and off-hours processing while making sure the systems were ready to go when the next crew came in at 4:00 AM during our busy season. This took a heavy toll on our processes. Our technology upgrades completely alleviated our data bottleneck issue."

Today, invoicing takes just 30 minutes and the systems are now backed up continuously in real time. "Before, our off-hours processing could take four hours on a regular day and eight to ten hours on a month end. Today, it runs in about an hour on a regular day and maybe two hours on a month end. We have so much more horsepower now."

FUTURE PLANS

Summersell says the company is in the process of creating new entities, separate from their current business. One will be a retail business that ships direct to consumer in product categories unrelated to education. They plan to leverage Robocom to manage that business as well. "Robocom doesn't just allow you to run one company. You can run potentially 1,000 or more at one time."

Educators Resource is also creating a third-party logistics company. The company will be able to leverage its existing infrastructure to sell the service of e-commerce fulfillment. "We were very excited to know that the Robocom Solution has everything we need to run a 3PL company."

"We are moving fast and the software is not holding us back at all. In fact, because we can leverage the technology and relationships we already have in place we can move much more quickly into these new markets."