Progress OpenEdge®

Pero Vegetable Company cultivates its business with Robocom and Progress® Software.

CASE STUDY

CHALLENGE

Pero Vegetable Company had aggressive growth plans but was unable to support the expansion of its distribution operations with existing manual inventory management process.

SOLUTION

The company chose the RIMS® inventory management system from Progress® Application Partner Robocom.

WHY PROGRESS® SOFTWARE

In addition to meeting all of its functional requirements, Robocom was willing to meet Pero's unique requests, including providing an interface to the company's existing ERP solution and adding functionality and customization for the classification of products.

BENEFIT

Pero reduced the end-of-year inventory process from 24-30 hours to just seconds with the push of a button, streamlined its loading process resulting in the elimination of an entire shift and a reduction in shipping staff from 50 to 20 people, and is achieving a 99.5 percent accuracy rate on outbound loads.

PROGRESS SOFTWARE

SUPPORTING BUSINESS GROWTH WITH INFORMATION TECHNOLOGY

Unlike most manufacturing and distribution organizations, produce companies face unique challenges and issues due to weather and product freshness. The complications and related uncertainty of running a growing company in the produce industry make it critical to exercise complete control over its inventory and distribution processes. Pero Vegetable Company, Inc. (Pero), a world-class grower, packer, and distributor of vegetables headquartered in Del Ray Beach, Florida, had aggressive plans to grow its business, and consequently needed to expand its distribution operations.

Pero contacted a consultant with a long history of working with food and beverage clients to help identify where it needed to optimize its business to support its growth strategy. The first phase focused on taking a look at the current distribution centers and seeing what improvements could be made to the physical layout, handling equipment, storage mediums, racking and so on. The consultant also looked at a planned expansion of the buildings and greenhouses.

Phase two focused on implementing information technology to support this new infrastructure and volume increase. Pero was using an Enterprise Resource Planning (ERP) application from Famous Software, which it still uses to manage its accounting functions. However, because the system did not offer a stand alone warehouse management module, Pero was managing its inventory and distribution processes manually. The consultant concluded that it would be impossible for Pero to achieve the growth it was looking for without automating these processes. The company needed the ability to achieve total visibility across its operations and real-time inventory management to ensure success.

"The fact is, we are more than just a farmer and a distributor, we are a service and solutions provider" explains Preston Fletcher, Director of Plant Operations for Pero Vegetable Company. "It is imperative that we have the flexibility to move product as needed, and using an inventory management system is critical to gaining that business agility. If you make a mistake in our industry it isn't like paint or wood chips where you can sell them next week. When you make a mistake with produce, things go bad and you lose money. There is very little room for delay."

STAYING AHEAD OF THE CURVE WITH RIMS

Pero's consultant worked with the organization to identify a number of potential warehouse management systems. After an extensive RFP process, they chose RIMS (Robocom's Inventory Management System) from Progress Application Partner Robocom. Based on the Progress OpenEdge® platform, RIMS is a flexible, cost-effective, Warehouse Management System (WMS) that easily integrates with leading front-end business systems and provides supply chain visibility critical to success in today's global marketplace.

In addition to meeting all of their functional requirements, Pero selected Robocom because the vendor was willing to meet some of their unique requests. For one, Robocom would provide an interface to Pero's existing Famous Software ERP solution. The integration between the applications begins when RIMS receives an advanced shipping notice (ASN) from Famous with the details of what is to be received and culminates when product is shipped from RIMS; an upload to Famous closes the circuit.

RIMS also provided functionality and customization for classification of products. "We were the first produce company that Robocom worked with, so there were some unique challenges to overcome on both sides—but it was well worth the effort. Robocom was willing to do whatever it took to ensure our implementation was a success," says Fletcher.

Robocom also supported Pero's need to meet some of its customers' unique requirements. Fletcher explains: "Our business mix of customers was changing and they were asking for special packaging options. For example, we may take three boxes of commodities and combine those goods into one package. We needed a system that could track all three commodities into one unique package; that is a difficult thing to do. With RIMS we can now accommodate new types of customers and take advantage of strategic opportunities we were previously unable to pursue."

Fletcher says that much of Pero's decision to implement a new solution was based on the company's goal to be forward thinking and proactive. "If you look at all the news in the produce industry, there are constant product recalls. We haven't had to face that issue yet, but you never know what may come up in the future. Our goal was to be ahead of the curve in recognizing that there could be a problem in the future. We knew one of the keys to our success would be having quick access to information and control over our inventory—and that would require a whole new infrastructure."

SUCCESSFUL IMPLEMENTATION AND USER ADOPTION SUPPORT A RAPID EXPANSION

According to Fletcher, the final cutover to RIMS was seamless, and the business did not experience any slow down. Pero went from a 40,000 square foot facility to a 300,000 square foot facility, of which about 180,000 square feet are under refrigeration. "The day I opened the Florida facility I was able to turn on the switch and the system was working."

Training posed a challenge because many of Pero's employees speak only Spanish and most had never used a computer; they were intimidated by the new system. Robocom was able to provide bilingual training which was essential to getting users comfortable with the new system. "The trainer they sent was phenomenal—patient and did a great job," says Fletcher. "It was a tough transition and many employees were fearful of the whole process. However, today our employees love RIMS and realize how much easier it is making their jobs."

Today, pallets of produce are received in RIMS and then stored as per the rules for the item on the pallet. "With three high, five deep racking, our RIMS solution helps us locate and store all of these goods without losing the ability to do the proper rotation based on size, needs, etc.," explains Fletcher. RIMS not only tracks lot control for Pero, it also bases its putaway logic on the temperature of the storage room so that each product line is properly stored. Since fresh produce has a relatively short shelf life, strict FIFO (First In, First Out) is paramount in the Pero environment.
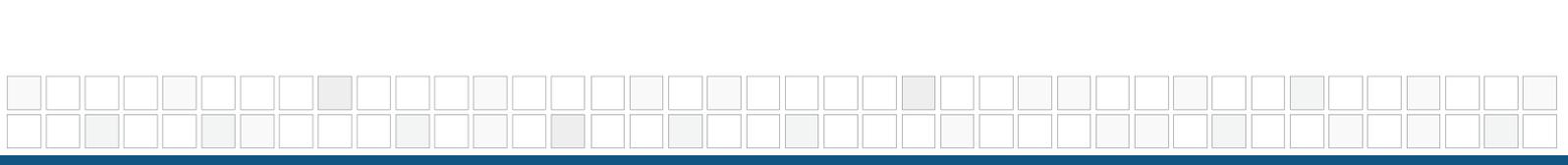
RIMS manages Pero's FIFO stock rotation through the use of sophisticated algorithms. For example, RIMS recognizes that some pallets come into the distribution center already prepackaged for a specific Pero customer. In those instances RIMS knows to by-pass FIFO rules and ship the specifically packaged product to the proper customer.

One of the major reasons Pero implemented RIMS was to manage inventory in the repackaging operation. Here pallets of products are pulled from inventory and sent to the repack operation to be packaged into smaller retailer packs. RIMS allows Pero to keep control of freshness and ensures that the complicated and fast paced operation results in attractively packed and fresh product for the customer. Pero handles a large variety of produce items, and each has its own set of requirements. RIMS manages these diverse requirements while optimizing space utilization and efficiently directing personnel and material handling equipment in a real-time, paperless environment.

IMPROVED PRODUCTIVITY AND COST SAVINGS THROUGH AUTOMATED, REAL-TIME INVENTORY CONTROL

Pero has achieved both improved productivity and cost savings by automating the inventory control process using RIMS. Prior to RIMS, the company was managing the entire process manually. At the end of each fiscal year, the company spent anywhere from 24-30 hours to physically count the inventory. Now, because Pero's inventory is managed automatically and in real time, that same process is performed in seconds with just the push of a button. "That is a huge savings for our organization," says Fletcher. "And the accuracy level of the system is proven month in and month out. I have the confidence level from my buyers and sales people that they can buy goods, store them and they will be there when they want to sell. That has been a big benefit which is saving us the equivalent of two hourly workers, or $50,000-$75,000 in manpower on inventory alone. RIMS has absolutely helped us improve our profitability, just in the control of inventory loss."

STREAMLINED OPERATIONS INCREASES EFFICIENCY AND REDUCES COSTS

RIMS's storage algorithms have significantly impacted the efficiency of Pero's operations business. Prior to using RIMS it took Pero an hour to an hour and ten minutes to load a truck. Today, the company can load that same truck in less than 40 minutes. With 100 trucks being loaded each day during the peak season, the time and subsequent cost savings are significant, says Fletcher.

"Before using RIMS we were pushing out the same number of trucks, but it was taking a lot longer; we were working around the clock. We have been able to essentially eliminate an entire shift since using RIMS. It has been a huge improvement from a loading perspective, and our operations are much more streamlined and improved. Now I don't have to pay to have people around the clock loading trucks. When I first arrived at Pero we had a shipping department of 50 people. Since implementing RIMS, I run the department with under 20 people. The cost savings in manpower alone has been tremendous."

MANAGEMENT IMPROVING THE BUSINESS THROUGH INCREASED VISIBILITY

Pero is also achieving productivity gains with increased visibility. "We can track which of our employees are doing what, who is more productive and why. RIMS gives management the ability to see how employees are spending their time. It is a wonderful tool that has also improved productivity. We can understand where we need to implement changes in order to make significant improvements to the business."

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INCREASED ACCURACY LEVEL IMPROVES CUSTOMER SATISFACTION AND BOTTOM LINE

Another major improvement since implementing RIMS is the quality of the outbound loads. "From an accuracy perspective, we are probably 99.5 percent accurate on our loads, maybe even higher," says Fletcher. "Before, if a customer ordered a pallet of red peppers, extra large, he could very easily have gotten a pallet of red peppers, large, simply because the loader mistakenly grabbed the wrong one. The RIMS system eliminates that opportunity for error."

"All of our major customers rate us on various levels, and certainly on accuracy and load completions we are scoring usually at the 100 percentile. That is a huge improvement that makes a big difference to a buyer on the other end. By running a tighter business, we are impacting our customers' profitability as well. If we don't ship something to them that they purchased at a fixed price, then they either have to go somewhere else for the goods, which could be more expensive, or live with the delay—both of which could impact their bottom line."

CONTINUING TO GROW THE BUSINESS WITH ROBOCOM

According to Fletcher, RIMS has successfully supported Pero's growing business. The organization is currently using RIMS in two out of its three active facilities, Michigan and Florida, and has plans to implement the system in the Georgia facility soon. "Anywhere that we are going to control and store product we will implement RIMS. We are expanding the Florida facility now and have additional growth plans."

Fletcher says he would recommend RIMS to an organization looking for a similar system. "I have personally found working with Robocom to be a very positive experience. They are wonderful people to work with, provide terrific support, are very timely, and most importantly, the product does everything they said it could do. I can't say enough about them. I would highly recommend Robocom and RIMS."

ABOUT ROBOCOM

Robocom is a leading supplier of supply chain software and services, founded in 1982, with offices in New York, Toronto, Minneapolis and Europe. Robocom's core products include two separate and industry-specific Warehouse Management Systems, a Transportation Management System, a separate Voice Picking Module and a Labor Management System. We enhance, implement and support robust, flexible, and efficient software that performs as predicted and yields the positive business results your enterprise demands. www.robocom.com

ABOUT PROGRESS SOFTWARE

Progress Software Corporation (NASDAQ: PRGS) provides application infrastructure software for the development, deployment, integration and management of business applications. Our goal is to maximize the benefits of information technology while minimizing its complexity and total cost of ownership. Progress can be reached at +1-781-280-4000.

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