GS1 Australia

DATA DELIVERS EFFICIENCY WIN FOR DANKS

The simple step of aligning inner and outer carton quantities with orders from its principal suppliers and the use of electronic ordering has helped hardware company Danks dramatically improve its ability to supply some 1,800 stores around Australia.

Danks services some 600 independently owned and operated retailers who are members of Danks' marketing groups Home Timber & Hardware, Thrifty-Link Hardware and Plants Plus Garden Centres, as well as more than 1,200 non-affiliated stores nationally.

About 25,000 products are warehoused in the company's national distribution centres located in Melbourne, Sydney and Perth and the products of over 600 different suppliers are available on a charge-back system – where stock is delivered direct to stores from suppliers and invoiced through Danks.

One of their suppliers is ITW Proline, Australia's largest supplier of fasteners, hardware products, rope and cordage and chain. Danks orders several times a week from ITW Proline from a range of about 3,500 different products (Stock-Keeping Units or SKUs).

According to Danks National Vendor Relations Manager, Errol Kennedy, in the past Danks ordered SKUs as needed with inaccurate data as to inner pack, carton or pallet quantities. "ITW normally would supply our orders from two zones in their distribution centre – a bulk area which supplied full cartons and a mixed pick zone where they supplied individual SKUs. As a result of inaccurate data Danks orders would have a mixture of both zones on each order."

Danks asked ITW for a list of inner, outer carton and pallet quantities and manually updated their files. "By getting accurate data this allowed us to separate the orders for ITW to pick more efficiently. It used to take ITW three to four days to get a Danks order together and when it got to our warehouses it would take our staff three to four days to sort the SKUs onto the shelves," Mr Kennedy said.

"Once we updated pack quantities, as per the data information supplied by ITW, we reviewed our ordering process so that orders were rounded up to inner or carton quantities, in some cases pallet or layer quantities. This, combined with the use of electronic ordering (Electronic Data Interchange or EDI) between the two businesses resulted in a 36-hour turnaround from ITW to the Danks warehouse shelf. "We started the process in Melbourne and are implementing it in Perth and Sydney. It has significantly improved our ability to supply our customers and our service levels are now in the high 90s," Mr Kennedy said. He said the processes had also led to increased efficiency in the other systems in the Danks warehouses.

"We have hundreds of different suppliers and they have different definitions of cartons and inners. If we use electronic data synchronisation these have to be and will be standardised.

"Accurate data is essential to our operation. It is not just used for suppliers ordering – we use it for our customers ordering, our inventory letdown, and for the slotting of product for the warehouse picking systems. We also use it to help implement occupational health and safety (OH&S) so picking locations and pallets are stored at the correct height," Mr Kennedy said.

" The challenge that Danks faces is that while they have completed this project with a handful of suppliers, it has to be done with the other 500 plus as well as keeping an update of any changes made to the handful already completed."

Carrying a small amount of extra inventory was not an issue as most of the SKUs were lower-value items, he said. If products were not selling or in excess the company would review as to whether it should be stocking them.

Mr Kennedy said Danks had implemented the same ordering process with Dulux Group, Wattyl and various other suppliers. "With the carton and pallet system in place we have turned our put-away of Dulux products from a one to two-day process to a two-hour job," he said.

Through the relatively simple task of updating their basic master data for products ordered from their suppliers, Danks realised improvements in many areas of their business.

The benefits for Danks included:

- Lower labour costs in the warehouse
- Less damage in handling products
- Less space being used in the warehouse
- Improved sales
- Improved DIFOT (Direct In Full On Time) of products

The saving to suppliers included:

- Lower labour costs
- Lower delivery costs
- Improved sales
- Improved brand visibility in the market

In 2010 Danks is hoping to implement electronic data synchronisation with its suppliers. "A supplier such as Dulux Group has more than 1,200 lines in three warehouses nationally. If they make a change to how many SKUs are in a carton or on a pallet, currently, we have to manually update our systems. Relying on doing it manually means that you have to factor in the possibility of a manual data error. It also assumes that the supplier notifies us of any changes.

John Szabo, Industry Manager at GS1 Australia, who is working with the hardware sector, said: "We have seen how the sharing of basic product information between a supplier and their customer can have a dramatic impact on how orders are received and put away.

"The challenge that Danks faces is that while they have completed this project with a handful of suppliers, it has to be done with the other 500 plus as well as keeping an update of any changes made to the handful already completed. Doing this manually will be difficult but if they use GS1net it will be considerably easier. By providing a platform for loading data and sharing it electronically, GS1net provides Danks with a solution to this problem."

"ITW Proline has been committed to providing accurate master data for retailers for well over 20 years. We use various formats in communicating with our trading partners such as flat file CSV & Excel to EDIFACT Pricat formats," said Don Dunn, ITW Proline – Hardware Solutions, IT Applications Manager.

"We are now engaged in a Hardware GS1 Action Group (HGAG) industry pilot and are reviewing GS1net as an option. Data synchronisation is typically the first step for any retailer wishing to trade with ITW Proline electronically. We supply over 7,500 products to retailers where we provide a complete set of product data for up to three levels of GTINs, including product dimensional data, industry classification codes plus dangerous goods information.

"Due to the large volume of data involved, automating this process provides huge benefits for both parties. Unfortunately some retailers overlook the importance of this step resulting in errors in the supply chain operations which add unnecessary costs to both businesses. Just like Danks, we believe in utilising industry standards for all our data synchronisation and eCommerce transactions," he said.

JB 987_0210

GS1 Australia

Head Office
Axxess Corporate Park
Unit 100/45 Gilby Rd
Mt Waverley VIC 3149
Locked Bag 2
Mt Waverley VIC 3149
T +61 3 9558 9559
F +61 3 9558 9551

Sydney Office
Lakes Business Park
Building 4B, 2-4 Lord St
Botany NSW 2019
Locked Bag 7002
Botany DC NSW 2019
T +61 2 9700 0933
F +61 2 9700 0820

National Number: 1300 366 033
ABN: 67 005 529 920

www.gs1au.org