

HVAC manufacturer... integrates warehouse and transportation management to boost visibility, increase productivity, improve customer service and lower costs.

Profile

A global manufacturer and distributor of heating and air conditioning products sells through a network of 6,000 independent dealers and 130 company-owned service centers. The HVAC manufacturer sought to increase its EBIT (Earnings Before Interest and Tax, a measure of a company's profitability) by \$25 million—half from market share gains and half from productivity gains.

Challenge

Visibility at the warehouse level was minimal to none, so the company was not able to update customers with accurate delivery ETAs, among other issues.

Solution

The company embarked on a supply chain redesign to shift from a national to a regional, hub-and-spoke distribution network, including a roll-out of Manhattan's Warehouse Management and Transportation Management. The integrated solution gives regional warehouses control over inventory selection and order prioritization. Variable cut-off times provide visibility to pending orders so determining which deliveries are dropped to the floor can be decided in near real-time.

As a result, the company achieved their productivity goals and boosted ROI. Emergency orders can now be serviced in minutes. Improved transportation planning enables consolidation of more deliveries, reducing overall transportation freight spend. In addition:

- Productivity levels increased **50%**, as measured by cartons per person handled
- Shipping accuracy improved from **98%** to **99.97%**
- Inventory accuracy increased from **97.5%** to **99.53%**

Overall quality is improved, costs are lower and customer cycle times are reduced.

"The accuracy along with the productivity gains paid for the system."

— VP Supply Chain Logistics, Residential

