

SHOWCASE™

Cutting Edge Shipping Technology

BY LINDA BANNAN



How does a 270-year-old company keep up with the competition? It stays on the cutting edge of innovation—in its own business and in business technology. That’s exactly the approach the J.A. Henckels cutlery company has taken since Johann Peter Henckels established the company in Solingen, Germany, in 1731. The quality of J.A. Henckels cutlery is legendary. The company’s knives frequently become family treasures passed down from generation to generation. This market-oriented company may be old, but it’s very forward-thinking.

In today’s fast-paced world, J.A. Henckels must do more than produce knives that are passed from one generation to the next. Today, J.A. Henckels must comply with its large customers’ labeling and delivery requirements and its smaller customers’ more personalized needs. That’s why John Henkel, J.A. Henckels’ vice president of Finance and Operations, turned to Logikor’s supply-chain shipping software. He wants J.A. Henckels’ product delivery to be as first-rate as its cutlery.

Who Makes the Cut?

Henkel’s first step in finding his solution was to form a selection committee of representatives from all of the affected departments, including the distribution, credit, and customer service managers. By getting input about each department’s needs, requirements, and goals, he accomplished two things: He discovered the scope of the needs and he involved everyone in finding the best solution.

Once Henkel knew what the company needed, he went to various software companies with his requirements and asked them to make solution recommendations. Next, Henkel and the committee evaluated several software packages. “Committee members outlined key functionalities and rated their key functions against each possible solution. All of the committee members agreed that the company could not have any downtime during the transition.” Because the committee members helped make the decision, they supported its implementation. After Henkel and his committee reviewed several products, the company purchased Logikor’s core modules in December 1999. The transition went very smoothly. Henkel has high praise for Logikor’s support during the implementation. “We

had Logikor people on site during the cutover. We shut the system down on Friday morning and we resumed shipping by Monday. After the initial cutover, no additional training was needed to get shipping and packing up and running,” Henkel said. J.A. Henckels has one AS/400 networked to various departments using dumb terminals. “We don’t have a large technology staff, and we don’t have any in-house programmers,” Henkel said. So, when he wanted to update and streamline J.A. Henckels’ shipping processes, the solution had to include four essentials: easy integration with existing AS/400 programs, increased shipping and packing efficiency, implementation support, and good service after the sale.

Cuts Like a Knife...

The Logikor pack module enables the J.A. Henckels’ shipping department to track line items within an order. This module handles loose pieces, cartons, boxes, and pallets. At each level the pack module tracks by a count of items or specific item number, usually with bar codes. For example, employees can scan each piece as it is packed to provide detailed order line tracking into boxes. They can pack items from multiple orders in one box or use several boxes for larger orders. When a box or boxes are filled, the system prints labels and generates carton sequence numbers, if required.



“If a customer calls and says she’s short three knives, customer service can check the carton detail and tell the customer which carton the three knives are in,” Henkel said. “This helps the customer find the merchandise, and prevents invalid claims for lost shipments.” With the pack module, J.A. Henckels’ customer service department knows what’s in each part of an order, so the customer doesn’t have to open all of the packages to find missing items. Their order entry/ERP systems allow them to “hotkey” directly into the system without opening the GlobalShip iSeries™ main menu. This, combined with EDI X.12 gives the entire customer service department up-to-the-minute information to resolve shipping related issues on the first call.

The pack module gives the credit group similar access to information. The credit department can access the UPS delivery information, get the tracking number, and check the carton details. For example, with GlobalShip iSeries™, if a customer calls and says one of the packages did not arrive, J.A. Henckels' customer service can tell them the current location of the package and expedite delivery.

...But It Feels So Right

J.A. Henckels' varied customers have very different needs. "The big customers, such as Williams Sonoma and Macy's, require electronic data interchange (EDI) and shipping detail information. They also have specific packing requirements," Henkel said. The smaller customers need customer service and package-tracking information. "The GlobalShip iSeries™ software facilitates our dealing with these varied customers," Henkel said.



The pack module also helps J.A. Henckels meet other big retailer requirements. Big retailers no longer use warehouses to store inventory, according to Henkel; warehouses serve as distribution points. Consequently, J.A. Henckels' labels must include routing information, the contents of each box, and the total weight. The GlobalShip iSeries™ (UCC 128) barcodes tell customers where each box is going, helping customers' warehouses expedite products to the correct location and to the final customer, thereby increasing customer satisfaction. In fact, without the compliance module, the company would have to pay non-compliance penalty fees.

"Under our old system, we couldn't consolidate multiple shipments into one to save shipping and packing costs. Now we have that essential shipping detail and tracking information," Henkel said. The pack module saves time and money in the shipping area too. Before moving to the Logikor system, the company had separate packing and shipping stations; now the two are combined.

Labor Time Takes a Cut

GlobalShip iSeries™ calculates rates and zones and interfaces directly with the order entry/ERP system to prevent

employees from having to re-key order information. In addition, GlobalShip iSeries™ saves motion in the shipping process itself, because the shipping department uses bar coding and electronic scales to eliminate keyboard entry. In addition to saving labor, the system helps prevent misshipments, which removes a major source of inventory shrinkage.

GlobalShip iSeries™ interfaces directly with J.A. Henckels order entry system, so after an order is taken, GlobalShip iSeries™ can process the order automatically without any re-keying. This reduces costs, errors, and delays. GlobalShip iSeries™ direct interface eliminates the need to upload or download files. So, as soon as an order is taken, GlobalShip iSeries™ can instantly process the order by pulling all the information through the interface, printing the required labels and documents, and sending the freight charges back to order entry. As a result, the customer service department knows the order has shipped and accounts payable has freight charges immediately at end-of-shipment.

GlobalShip iSeries™ software's ability to group shipments was key for J.A. Henckels. In fact, Logikor experts worked with Henkel to customize and strengthen the consolidation module to J.A. Henckels' specifications. "With this feature, we can consolidate multiple orders from several purchase orders going to one destination," Henkel said. "The more we consolidate, the better the shipping rate." Since the larger customers have specific shipping windows that regulate when they can receive shipments, J.A. Henckels frequently has several orders that are received and filled at different times, but must arrive in the same shipping window.

Any Way You Slice It

Henkel estimates that J.A. Henckels' overall savings is about \$150,000 annually on everything from shipping costs to increased efficiency in packing and shipping and handling customer service and credit inquiries. "We recovered the cost of our investment in the Logikor software in one year," Henkel said. Future savings add to the company's bottom line.

John Henkel believes that people who invest in J.A. Henckels knives expect, deserve, and receive a high level of satisfaction both from the product itself and the company that makes it. The Logikor software modules help J.A. Henckels continue to meet those high customer expectations as effectively and efficiently as they have for the past 270 years.

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