IDEAL Industries, Inc.

Slashes Costs, Improves Sales and Strengthens Distributor Loyalty with TrueCommerce Datalliance VMI

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Chris Lamb,
Vendor Managed Inventory Analyst,
IDEAL Industries, Inc.

BENEFITS
More Connected. More Supported. More Prepared for What's Next.

➤ Order processing cost reductions and shorter cycle times

➤ 10-20% return reduction with distributors using VMI

➤ Distributors using VMI realize 20% improvement in inventory turnover, 20-30% reduction in stockouts, 50% reduction in employee order management time

OBJECTIVE

➤ Leverage vendor managed inventory (VMI) to improve service to distributors and enable both parties to cut costs, improve efficiency and increase profitability

SOLUTION

➤ Replace an underperforming, maintenance-intensive VMI program with the hosted TrueCommerce VMI managed service solution

BENEFITS

➤ Highly responsive support and a reliable managed service inspire trust and confidence

➤ User-friendly software and available training help users get more value from the solution

BACKGROUND

IDEAL INDUSTRIES, INC is the world's largest supplier of wire connectors, fish tape and other professional tools and supplies for the electrical trade. The company's name comes from its founding principle of building ideal relationships with employees, the community and customers.

With a focus on collaboration and mutual benefit going back to 1916, no wonder this market leader has long offered vendor managed inventory (VMI) services to its distributors. VMI can help suppliers and their distributor partners control inventory flow, accelerate turns, ensure product availability, reduce administrative costs and create a more efficient supply chain.

According to Chris Lamb, Vendor Managed Inventory Analyst, IDEAL previously used a different VMI provider for more than 10 years. However, IDEAL switched to TrueCommerce Datalliance, a proven market leader, in 2007 to reap the benefits of a managed services delivery model and software-as-a-service (SaaS) deployment.

"HUGE" ORDER PROCESSING COST EFFICIENCIES

IDEAL currently manages about 20% of its business through VMI. The program encompasses 35 distributors across 307 locations.

Ms. Lamb notes that "huge" order processing efficiencies and associated operational cost savings are among TrueCommerce VMI's primary benefits for IDEAL INDUUSTRIES: "Our VMI group can process over 200 orders in four hours. One reason is that almost 100% of those orders are error-free and go directly into shipping."

VMI offers equally significant cost efficiencies to IDEAL's distributor partners.

"A number of our distributors have told us that if they didn't have VMI they would have to hire more people," Ms. Lamb continues. "So we know it's a big time and cost saver for them also."

REDUCED ORDER CYCLE TIME

"What really improves order efficiency is that we always know if there are any issues with minimum order quantities on nonstock items," Ms. Lamb remarks. "We can just remove these items and push the order through."

Previously, this process involved time-consuming communication.

"Traditionally you'd need to call the customer about how to handle the issue, which often takes up to two days. TrueCommerce VMI reduces that cycle time to a matter of a few keystrokes," explains Ms. Lamb.

Another way VMI reduces order-cycle time is with proactive daily reporting for distributors.

"First thing every morning our distributors get a specialized report that informs them if there are any quantity issues with their orders," Ms. Lamb says. "This lets them quickly shoot off an email telling us whether they want to go ahead and order those products, or not—which effectively resolves the issue. Without VMI that proactive data wouldn't be available and it could easily take 24 hours to pinpoint the problem and deal with it."

MORE BOTTOM-LINE BENEFITS

IDEAL Industries and its distributors using VMI realize a number of additional benefits that add significant value straight to their bottom lines.

➤ IDEAL sees a steady reduction in return dollars the longer a distributor participates in the VMI program, up to 10-20%.

➤ Compared with distributors not on the VMI program, IDEAL sells about 2% more product to distributors using VMI.

➤ Distributors report a 20% improvement in inventory turns, a 20-30% stockout reduction, and a 50% reduction in employee time spent managing IDEAL orders.

IDEAL can also "do more with less" and save significant labor costs thanks to its ability to manage its VMI program by exception.

"We have essentially one person who manages our entire VMI order program," Ms. Lamb asserts. "I know other companies in our industry who have anywhere from three to five people handling a similar VMI order volume."

STRONGER PARTNERSHIPS

TrueCommerce VMI helps IDEAL strengthen trading partner relations.

"I think VMI definitely solidifies our relationships with distributors," mentions Ms. Lamb. "They might be less likely to buy from a competitor that doesn't do VMI or doesn't do it well, because they wouldn't want to lose all the benefits they get from VMI."

Customer feedback proved VMI's investment value.

"We did a satisfaction survey with our VMI customers two years ago and we ranked extremely high," Ms. Lamb adds. "I believe they feel very confident and comfortable with everything they're getting from VMI."

SMOOTH ONBOARDING

Depending on the number of locations they have, distributors that are good candidates to become VMI partners can get their program up-and-running within four to six weeks. This includes testing and data cleansing.

"TrueCommerce VMI is absolutely key in this process from the very start," Ms. Lamb indicates. "They are with us from the first kickoff call, where we discuss expectations and business issues like order minimums, order days, freight, etc. Sometimes they even bring a distributor interested in doing VMI to us."

TrueCommerce VMI is also instrumental in processing the data, setting up reporting and order-point calculations, and troubleshooting any issues that come up during testing.

HIGHLY RESPONSIVE SUPPORT

VMI, while highly automated, is always a work in progress.

"Setting up a distributor on VMI is never just a 'done thing,'" Ms. Lamb notes. "It's something that progresses and evolves: customer-needs change, locations get closed, new ones open… TrueCommerce VMI engages with us pretty much on a daily basis."

"The support I get from TrueCommerce Datalliance is absolutely phenomenal—it's one of the top benefits of the solution. Issues are always resolved very quickly and they're very responsive to our customers."

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The company's support is up to the task.

"They are always highly responsive and extremely helpful," Ms. Lamb relates. "The support I get is absolutely phenomenal—it's one of the top benefits of the solution. Issues are always resolved very quickly and they're very responsive to our customers also.

"TrueCommerce VMI honestly understands what they're doing. We have a huge level of trust and confidence in them because they house a lot of business sensitive data for us. I never worry about it because they've always done such a great job," emphasizes Ms. Lamb.

A ROBUST, EASY-TO-USE SOLUTION

TrueCommerce VMI provides quarterly updates to ensure that its hosted solution is continuously improving. They also host the data and manage the IT infrastructure.

"The software is intuitively designed and extremely easy to use," says Ms. Lamb. "Before we switched, we had another VMI system that was an absolute nightmare, especially because we had to manage everything on our end—including storing all the data."

Training for new users is also offered.

"If you hire someone new you can send them to TrueCommerce VMI for two to three days of training," confirms Ms. Lamb.

Another benefit is anytime/anywhere access.

"It's nice because I can work anywhere as long as I have my computer and an Internet connection," Ms. Lamb states. "It doesn't force me to just work from the office."

On the whole, TrueCommerce VMI has proven to be a valuable business partner for this global market leader.

"I think the whole the TrueCommerce VMI program is well developed and works great for our industry, and I would absolutely recommend it without reservation," Ms. Lamb summarizes. "When you think about your business being more automated and being able to take care of customers more efficiently, all that value goes straight to the bottom line."

ABOUT TRUECOMMERCE

TrueCommerce is the most complete way to integrate your business across the supply chain, integrating everything from EDI to inventory management, to fulfillment, to digital storefronts and marketplaces, to your business system and to whatever comes next. That's why thousands of companies across various industries rely on us.

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