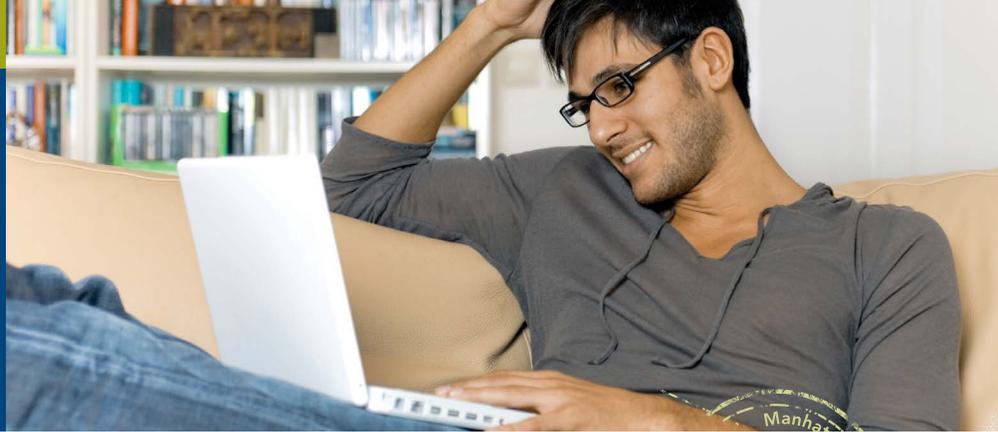


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Francisco Irrarrazaval, Retail Operations Manager,
Ripley Corp



RIPLEY

Headquarters: Santiago, Chile

Distribution centers: 1 – 660,000 sq ft

Manhattan solutions: Warehouse Management

Challenge:

Ripley faced intense retail competition but was operating in outdated warehouses with inefficient, manual processes.

Goal:

Automate warehouse processes to increase efficiency and customer service capability.

Solution:

Manhattan’s Warehouse Management solution selected for depth and breadth of functionality and ability to handle complex operational processes.

Results:

Increased productivity, reducing staff from 900 to 830; increased service levels from 62% to 98%; achieved accuracy of 99%; enabled next-day delivery to customers.

Ripley boosts competitive advantage with new distribution center and Manhattan solution

Intense Retail Competition Coupled with Inefficient Warehouse Operations put Ripley in a Tight Spot

Ripley Corp. is one of the largest retail companies in Chile and Peru, with 42 stores in Chile and 15 in Peru. Ripley stores are typically 12,000 square meters, or roughly 120,000 square feet, and sell everything from clothing, accessories and home furnishings as well as a variety of foods. In addition to its retail stores, Ripley has a thriving web business and an extensive home delivery service. In Chile, Ripley reaches a middle-class market, whereas in the fast-growing Peruvian market, Ripley draws a higher end clientele due to the socioeconomic differences between the two countries.

According to Francisco Irrarrazaval, Ripley’s retail operations manager, “The Ripley brand is all about offering a very wide variety of goods at the same place—with the convenience of financing. We offer very high quality products at competitive prices.” As part of this successful strategy, the company participates in the financial business through direct credit to its customers with the Ripley card, and the recently created Banco Ripley, which offers consumption credit and MasterCard. “Ripley finances everything it sells, so most of the company’s profits come from this side of the business. We will finance anything, regardless of cost. Customers can even buy a \$50 item in 12 payments.”

Ripley operates in a highly competitive retail market characterized by aggressive tactics to attract and retain customers—high quality products, low prices, financing and enhanced service. “Our competitors were providing two- to three-hour delivery windows, which put us in a very tight spot. For example, a customer in Santiago purchases something and wants it delivered this Sunday at 4:00 p.m. and it’s 1,000 miles away. This level of service was nearly impossible to provide in our existing facility,” said Irrarrazaval.

In addition, Ripley operated out of three old warehouses that were originally factories, so they were poorly designed for distribution. The company also lacked a warehouse management system, so Ripley had to retain a huge staff just to run its three warehouses.



“The capabilities of the Warehouse Management solution support our home delivery with windows of two or three hours, which gives us a big competitive advantage. We can even provide next-day delivery, which is something we were never able to do before... This capability will give us a competitive advantage and will actually help increase our sales.”

Francisco Irarrázaval
Retail Operations Manager, Ripley Corp.



Manhattan’s Warehouse Management Solution is a “Good Fit” Based on the Breadth of Functionality

A key goal for the company was to use its supply chain to increase its competitive advantage by increasing efficiency and enhancing its ability to offer the high levels of service that customers were expecting. To accomplish this goal required a completely new infrastructure.

As the first phase of the company’s “REDEX” project to restructure its logistics operations, Ripley designed and built a new, modern distribution facility with 660,000 square feet and full automation, including racking and sorting capability.

According to Irarrázaval, “We selected Manhattan’s Warehouse Management solution based on the functionality and its ability to run many different operations simultaneously. Because we offer such a broad range of products, we needed a system that could handle many complex processes. Manhattan is used in a number of different industries so the solutions provide the advanced capabilities we needed. Manhattan’s Warehouse Management solution was a good fit for us—the breadth of the functionality is what drove our decision.”

A Phased Approach, Extensive Testing and Employee Training Paid Off for Ripley

Working with Manhattan and its partner, LogFire, LLC, Ripley completed the Warehouse Management implementation in a phased approach in its new distribution center. The Manhattan system integrates with Ripley’s material handling equipment and other systems to manage the company’s receiving, store delivery and vast home delivery service. All warehouse employees completed two weeks of training on the new system, after which

they were required to take an exam. The project included four months of extensive QA testing to ensure all processes were running smoothly. Based on the gradual, phased approach to the implementation, the project was a huge success. “Everyone at the company is happy with the system and we haven’t had any issues at all—it’s working perfectly,” said Irarrázaval.

Ripley Dramatically Increases Efficiencies, Boosts Customer Service Capabilities and Exceeds Company Expectations

Ripley’s new state-of-the art distribution center, including the new MHE system, has enabled the company to gain tremendous efficiencies. “The efficiencies we’ve gained in our new facility with the Warehouse Management solution are huge,” said Irarrázaval. “And the Manhattan solution enables us to support the complexity—we couldn’t run our new facility effectively without it. We used to run this operation with 900 people and are now running it with 830 people. This was during a time of at least 15% growth, so our productivity levels have increased. In addition, our service levels went from roughly 62% up to 98%, and our accuracy is at around 99%. We would not be able to run this extensive warehouse without the Manhattan solution. After the first two months we realized this was going to be a much more successful project than we originally thought.”

The most significant benefit for Ripley from the entire REDEX project has been the cost reduction the company has achieved—nearly 40% based on the increased efficiencies of the new, modern warehouse, updated processes and the Manhattan system. Irarrázaval added, “The capabilities of the Warehouse Management solution support our home delivery with windows of two or three hours, which gives us a big competitive advantage. We can even provide next-day delivery, which is something we were never able to do before. This is critical because when a customer comes into our store to buy a sofa, they want it delivered today or tomorrow—they don’t want to have to wait an entire week. If the customer has to wait that long, they’ll buy it somewhere else. This capability will give us a competitive advantage and will actually help increase our sales.”

Looking ahead, Ripley plans to open five new stores in Mexico within the next year. Ripley also has a significant initiative underway to ensure its vendors, primarily from China, comply with its requirements. “In our previous situation, we didn’t care how many items were in a case or the size or weight of the case—today we do care. For this reason we are currently implementing vendor training programs in China to ensure they comply with our requirements in the future.”