

# PICWIC IMPROVES SUPPLY CHAIN EFFICIENCY

French Toy Superstore Achieves Greater Productivity in Highly Seasonal Market

## OPERATIONS

Distribution centers: 1 in Houplines, 20,000m<sup>2</sup> x 17,000m<sup>2</sup>

Picking: 5000 locations, 12 million pieces/yr

## MANHATTAN SOLUTIONS

Warehouse Management, Supply Chain Intelligence

The Picwic logo consists of the word "Picwic" in a white, sans-serif font, centered within a dark red rectangular background.

## CHALLENGE

Picwic wanted to increase productivity gains for logistics in its two main markets (toys and craft/design) in a highly seasonal market.

## SOLUTION

Manhattan Associates' Warehouse Management Solution (WMS) and Supply Chain Intelligence (SCI) are selected to optimize Picwic's supply chain.

## PROGRESS & RESULT

A productivity improved by 25% and an error rate of only 0.4%.

"On a daily basis, Manhattan is very easy, and more flexible. The solution configuration can evolve. Every year, we change the storage parameters slightly, we refine some small details, and the tool gives the user more freedom to do so. The logistics department has autonomy in the use of the solution, without necessarily having to speak to IT. The scalability of the solution allows us to consider our e-Commerce projects in a relaxed way. Additionally, the relationship with the Manhattan teams is excellent."

MAXIME ANTONIUTTI, LOGISTICS, SUPPLY CHAIN AND QUALITY DIRECTOR, PICWIC

# IMPROVING SUPPLY CHAIN EFFICIENCY

at Picwic

**“From 1998 until 2009, we had opted for a cost savings model for logistics and we were using old warehouses but in 2006, we made the decision to build our own warehouse. The productivity gains that we were hoping for were yet to be delivered so we hired a consultant to identify areas of improvement. As we had suspected, a key requirement was to implement an efficient WMS solution.”**

## PICWIC SELECTS MANHATTAN'S WAREHOUSE MANAGEMENT AND SUPPLY CHAIN INTELLIGENCE

Created in 1977 by Stéphane Mulliez, Picwic, which is headquartered in Villeneuve d'Ascq (59), is the first toy superstore in France selling toys of all types and for all ages. Growing constantly ever since, the retailer currently employs 450 staff. Picwic's logistics centre, which opened in 2010, is located in Houplines. The 20000 m2 warehouse, which comprises 25000 live references (17000 m3 storage capacity, 5000 picking pallets locations, a transit of 12 millions units a year), serves 22 stores sized 1000 to 4000 m2 and more than 2 700 000 clients in France. Picwic has chosen Manhattan Associates' Warehouse Management Solution (WMS) and Supply Chain Intelligence (SCI) and reveals here the benefits that resulted from using these solutions.

## A WAREHOUSE MANAGEMENT SOLUTION TO ADDRESS CHALLENGES IN TERMS OF PRODUCTIVITY AND SERVICE LEVELS

**WMS project: productivity and quality level challenges**

More volume, more speed, and more quality: Logistics-wise, the objective was to implement a new warehouse management system that would finally enable Picwic to achieve productivity gains, whilst improving service levels to stores and reducing logistics costs.

- Achieve 16% productivity gains (16 000 hours gained)
- Install Radio Frequency and dynamic slotting in order to optimize and increase the reliability of order fulfilment (paperless policy)
- Improve receiving and shipping deadlines, in order to make products available to stores faster
- Need to establish a conformity scoring for suppliers (tracking and recording historical data for defective products when receiving goods)
- Implementing cross-dock operations in order to speed up flow of goods, in particular for promotional products which have to be stored for a very short amount of time
  - Increase reliability of order fulfilment through product ranges conformity audits
  - Gather products by category/ aisle on the same pallet in order to facilitate work of stores when receiving goods
  - Improve management of returned goods



**A solution adapted to Picwic's two highly seasonal markets**  
When the project was initiated in 2010, three key challenges were identified and had to be addressed in order for the project to be a success.

The first was that the new system would interface with the company's ERP system (SAP), "this accounted for 50% of the project success" highlighted Maxime Antoniutti, Logistics, Supply Chain and Quality Director at Picwic. Another key factor was to adapt to the specificities of Picwic's main markets: toy and craft/design (15000 references, 6 000 000 units per year) and its strong seasonality. This aspect is a strategic issue for the company as Picwic uses 6000 m3 of its warehouse in the off season against 17000 m3 in the peak season: "Our warehouse is too big during 48 weeks and too small during 4 weeks. Throughout December, more than 4000 pallets leave the warehouse each week, and the fill rate is 95%. At this level, optimizing picking location becomes strategic," explained Pierre Bouchez, Warehouse manager at Picwic. Furthermore, logistics staff rise threefold during this critical period leading to Christmas.

**Manhattan Associates' solution is selected**

Selecting Manhattan Associates' Warehouse Management Solution (WMS) and Supply Chain Intelligence (SCI) was an easy choice to make when the final decision was made in April 2010: "Manhattan Associates had a better understanding of the project complexity, whilst offering better guarantee with regards to the SAP integration. Manhattan Associates also presented strong references, close to us (Leroy Merlin, Kiabi, Welcom). We started the project on the 6th of July 2011 (10 months after signing the contract). It was indispensable in order to have a successful festive season in 2011. On the other hand, the implementation of returns management and of cross-dock operations was done after the first season," detailed Maxime Antoniutti.

## RESULTS THAT EXCEED EXPECTATIONS: AN EFFICIENT SUPPLY CHAIN THAT OFFERS A GUARANTEE ON DEADLINES AND QUALITY, AN IMPROVED PRODUCTIVITY AND HIGHER SERVICE LEVELS

An efficient Supply Chain that offers a guarantee on deadlines and quality:

- Comply with the projected delivery dates of suppliers and maximum lead time of 12 hours between receiving products and making them available for picking in the warehouse
- Control conformity of received products: respect of quantities ordered by reference, product quality and settlement of litigations
- Today, 10% of the order-filled pallets are inspected before leaving the warehouse:
  - Before implementing Manhattan WMOS : 1,7 % of mistakes
  - After: 0,4 % of mistakes and control takes five times less
- Comply with fulfilment deadlines: FIFO mode, shipping replenishment orders within 4 days but on average, lead time is around 2.5 days
- Comply with quality targets for order fulfilment: right quantities, quality of palletising, grouping products according to merchandising zones in the store
- Control quality of shipments ahead of shipping, and ensure delivery appointments with stores happen on time (some stores are more difficult to access when located in a shopping centre for instance)
- Time-saving for stores: "The time spent to control deliveries before putting products on the shelves has been reduced by half, and this time is used to better serve our customers. In peak season, 10 lorries of 33 pallets deliver to each store every single week," highlights Maxime Antoniutti.

### Increased productivity whilst improving service levels thanks to Manhattan's Supply Chain Intelligence (SCI)

"Adopting this reporting and exceptions tracking tools has been key in the success of our project, and it is now an essential part of our daily work. Indeed, hundreds of queries constantly check our order fulfilment activities, and when exceptions occur, alerts are issued for each exception and distributed via email in real time to the right person within or outside of the warehouse. This allows us to react rapidly and to concentrate solely on production issues. Why control what works well? This activity monitoring tool has considerably increased the efficiency of our work."

- We only have to deal with exceptions
- We have increased quality levels
- We have reduced overall and systematic controls

## OUR TARGETS HAVE BEEN MET AND EVEN EXCEEDED WITH A SOLUTION WHICH IS FLEXIBLE AND SCALABLE

Today, thanks to Manhattan WMOS:

- Productivity gains have largely exceeded initial target of 16% (200 units/hour) to reach 25% (255 units/hour).
- Resources are managed in a more optimal way: the level of logistic staff required during the first weeks of December has nearly been reduced by 50%

### Flexible use and scalability of Warehouse Management for Open Systems Solution:

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### 120% Happy

"We are satisfied with our solution, we are very autonomous and that is rather enjoyable. When we chose Manhattan, we went to visit one of their clients that we knew, and they told us "you can go for it with your eyes closed". They were not lying. Against the original targets we set ourselves, our objectives have been met by 120%, and I say that sincerely as the results are undoubtedly there," stated Maxime Antoniutti.

