

Case study

Christian Art Gifts



At a glance

Industry: Retail

Application: Order Fulfillment

Starting a business requires a lot of up-front decisions, all of which can have direct impact on the company's bottom line. If that business involves distribution operations, those decisions may include questions such as: How will we keep track of orders? How will we manage fulfillment? How can we ensure the highest levels of customer service while managing costs? How do we maintain a high degree of inventory accuracy?

Many companies begin managing distribution and fulfillment with manual, paper-based systems. For Christian Art Gifts, however, automation was the obvious choice. Why? Because of the vision of its owner, Heinrich Johnsen. His background includes consulting work in the area of enterprise resource planning (ERP) systems, so he knew there were many benefits to automating his company's fulfillment operations: increased inventory accuracy, streamlined tracking of stock-keeping locations, more efficient picking and packing, reduced data entry errors.

Christian Art Gifts supplies specialty gift products to approximately 1,000 retailers. The company began shipping product in May of 2003 and already has seen significant growth.

At its inception, Christian Art Gifts contacted Associated Material Handling to supply the warehouse racks and equipment. While on a site visit the salesperson mentioned that AMH is a reseller of RADIO BEACON, and asked if Johnsen would be interested in looking at the system.

"We knew Radio Beacon's warehouse management system would integrate with our Great Plains software," Johnsen said. "This seemed to be the perfect solution for us."

And so it has proven to be. AMH installed a comprehensive automated data collection system, including WMS software from Radio Beacon and wireless data collection hardware from Intermec Technologies Corp. It delivers accurate, real-time data to Christian Art Gifts' enterprise systems: the Radio Beacon WMS, which tracks the material handling side of the warehouse operations, and the Microsoft Business Solutions-Great Plains ERP system, which handles order entry, backorders, invoicing and financials. Now, management has instant visibility to order information such as orders entered and orders picked.

The new Intermec wireless system provides a complete package that includes wireless access points, handheld mobile computers, and printers – everything a small business needs to get started with automated data collection.

AMH created an easy, inexpensive financing arrangement that allows Christian Art Gifts to lease the new system – hardware and software – for less than one-third of the cost of employing a full-time warehouse person. “It’s worth my while,” says Johnsen. “It’s very cost-effective.”

“The great thing about this system is the ease and speed of installation,” Johnsen reports. “Usually, there’s a lot of time and effort involved in setting up (a WMS system). But in this case, there wasn’t. We were up and running in two weeks.” That included time for consulting, installation and user training.

Christian Art Gifts carries approximately 1,200 SKU’s. Many of these items appear quite similar on first glance – for example, the items may differ only in color, or the

text may be the same on the front of two items but differ on the back. Sometimes the only way to tell the difference is to look at the part number. And even at the best of times, this type of manual/visual inspection has been determined to be only about 80% accurate.

As Johnsen reports, it would be easy to make a mistake. With a shipment volume of about 5,000 units per day, order accuracy obviously becomes a big concern. But with the wireless data collection system, the warehouse worker scans each item as it’s picked, which ensures that the correct SKU is picked and packed. Inventory is updated in real time, giving Johnsen real-time visibility to inventory levels.

“Because the system is real-time, I can monitor the warehouse activities from my office,” says Johnsen. “That’s the great thing about having wireless, real-time data – you have accurate information to relay to customers and you can keep a close eye on the workload and performance of the warehouse employees.”

Results? The warehouse is performing even better with fewer people. In June of 2003, there were five people dedicated to warehouse operations. Currently, four people are doing the job and actually pick more items each day – the number of line items shipped has more than doubled, from approximately 500 per day to 1,200 per day. As order volume continues to increase, Johnsen plans to add additional terminals to handle the workload.

Johnsen also expects to add more customers in the next year, and he’s looking at larger national chains. He knows that to do business with these larger retailers, suppliers need to have good systems in place. With Intermec, Radio Beacon and Great Plains, he’s got just that – good systems that can expand along with his business.

It’s just the beginning for Christian Art Gifts. In the few short months it’s been operating, the company already has grown out of its original 10,000 square foot warehouse and into a new 20,000 square foot facility. Johnsen sees more expansion on the horizon. And the data collection system can grow with him.

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