

Stay on top of explosive growth with WMS

Dollar Shave Club: Handling unexpected demand



Subscription-based online company supports explosive growth, fast-changing environment with Körber Cloud-Based WMS

Company profile

Dollar Shave Club offers a subscription-based service that sends members several razor blades per month for just a couple dollars. It has multiple membership levels offering different types of blades. In addition to razors, the company sells personal grooming products like shave butter, hair gel, hair paste, moisturizer, wet wipes and more.

Success came all at once for Dollar Shave Club. In 2012, co-founder Michael Dubin recorded a hilarious video ad that immediately became a YouTube sensation. That viral video created unanticipated demand and the company was not ready to fulfill thousands of orders that appeared within the first 48 hours. The company started fulfilling those orders in a garage, then moved to a small third-party logistics (3PL) provider and later to a larger 3PL.

At one point, the eCommerce business had 200 percent year-over-year growth, and it continues to add new customers at a healthy rate today.

Quick facts: Dollar Shave Club

- **Distribution centers:** Torrance, California and Columbus, Ohio
- **Shipping volume:** 85,000-100,000+ orders per day
- **Solution:** Körber WMS in the Cloud

Designed to embrace the needs of today and tomorrow

- Out-of-box supply chain execution tools for unmatched flexibility and adaptability
- Proven, seamless integration with most ERPs – Microsoft®, Sage™, NetSuite®, SAP® Business One, Acumatica® and more.
- Comprehensive security and services infrastructure
- Extensible, responsive HTML5 user experience with specific layout guides for desktop functions, tablets and smartphones
- Open web service API
- Powerful workflow adaptability layer
- Mobilizing your workforce



DOLLAR SHAVE CLUB

Solution

Adaptability was a mandatory feature when Dollar Shave Club began looking for a warehouse management system. Team members had implemented and worked with more rigid WMS solutions in the past and knew that would not fit the eCommerce subscription model.

Dollar Shave Club quickly identified Körber as the vendor with a culture and solution that met its needs. Initially, the team expected to build out an IT team and implement an on-premise WMS. But a financial analysis demonstrated that it would be more cost-effective and smarter to select the cloud-based Körber Warehouse Management Solution. The company could avoid hiring a number of new engineers, and all upgrades, bug fixes and other updates are handled by the Körber team. Dollar Shave Club saw opting for the cloud solution as “one of the best decisions we made.”

“From an agility standpoint, when you are working for an eCommerce platform, your focus should be how do we go out and gain more customers? And then how do we keep the customers that we have?” they said. “So our engineering team should be working consistently on what do we need done for the website, what do we need done for marketing, what do we need done from a public relations standpoint?”

“You’re always going to have someone in the weeds, but the goal is to keep people out of the weeds and have them be focused on the other parts of the engineering and IT stack.”

The company initially implemented Körber WMS in the cloud at its California warehouse, which sends out 25,000-30,000 orders per day. About eight months later, it opened a second distribution center in Columbus, Ohio that ships about twice that volume every day – 60,000-75,000 orders.

It was a seamless process to get Körber WMS running at the Ohio warehouse. A cloud-based system made the transition much easier because it could painlessly scale to the increased order volume.

Results

Since Dollar Shave Club sells an inexpensive product at a reduced price, it has slim margins and must pay close attention to fulfillment costs. Units per hour increased with Körber WMS, which allows the company to push more shipments out the door every day.

Every order that arrives is now shipped the same day – no small feat for a company that fulfills so many

orders – and something that was not always possible before. At the same time, order accuracy has improved, so there are fewer returns and customers remain loyal.

The Dollar Shave Club team regularly collaborates with Körber to brainstorm and implement more efficient processes. That includes a modified waving process that batches orders by like SKUs to save time and increase efficiency. It’s a particularly effective system because the company has a limited number of SKUs that are all called frequently.

Dollar Shave Club has adopted kitting, changed packaging and built special packages for holidays (like Father’s Day) since it started using Körber. Every time, Körber WMS has flexed to those changes – and quickly.

“We could change our complete business model in two months and decide ‘This is what we’re going to do.’ That’s unheard of I think in big business. Not only are we doing that, but we’re expecting that all of our partners are doing that with us. We’ve done several things like that and had the expectation that Körber was just going to jump along with us and they did.”

“That kind of agility and that kind of flexibility is really to me what makes Körber such a desirable system to be using.”

Future plans

The thriving online organization has started to expand internationally. It is using 3PLs in Canada and Australia that run Körber WMS as it builds out customer bases in those countries. Dollar Shave recently started to expand into Europe, as well. It will first ship to the United Kingdom and then offer membership to residents of other countries across the continent. The company can keep growing with the confidence of knowing the Körber team and system will support it each step of the way.

“Körber offers the flexibility, agility, cost, dependability, partnership and I think respectability we needed. It’s not only respect for you and what you’re doing from a personal business standpoint, but also respect for the fact of what you’re trying to do,” the team said. “So there’s an, ‘I understand where you’re at and I want to help you get there.’ It continuously feels like a team effort.”

