

K.Motion Warehouse Advantage

Maintain market leadership with Körber WMS

HBI International: Staying competitive



National tobacco distributor smokes the competition with K.Motion Warehouse Advantage.

Company profile

Getting more orders out the door with fewer errors and less cost means doing things right the first time. That's the aim of every warehouse, and it's often easier said than done. Thanks to the first-time-right approach of K.Motion Warehouse Advantage, HBI International is filling 48% more orders with accuracy rates that top 99%. What's more, they're doing so without additional staff.

Headquartered in Phoenix, Arizona, HBI is a market leader in the production and distribution of roll-your-own tobacco products, including rolling paper, tobacco, and cigars. The company also sells chew, snuff, and dip, as well as tobacco-related accessories, including lighters and scales.

HBI's customers range from small mom-and-pop smoke shops to large distributors and national convenience store chains. All benefit from the company's commitment to filling orders quickly, generally by 3 p.m. the day they're received. This

Quick facts: HBI International

- **Headquarters:** Phoenix, Arizona
- **Total DC size:** 58,000 sq. ft.
- **SKUs:** 3,000
- **Solution:** K.Motion Warehouse Advantage

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- Matt Colvard, chief operating office at HBI International



commitment to speed has earned HBI the title, “Leader of the Pack.”

Nowhere is the company’s leadership more apparent than in its two side-by-side warehouses, where wireless picking and receiving, multi-zone picking, order management and lots/serial/expiry management all work together to manage the company’s 58,000 square feet of storage.

Tying up loose ends

Such efficient operations weren’t always the case. Flash back to 2011; HBI was growing quickly, which was great for the company’s bottom line but a challenge when it came to receiving and picking the company’s 3,000 SKUs, many of which look identical.

“Two issues were particularly problematic,” says Chief Operating Officer Matt Colvard, who oversees HBI’s U.S. operations, including sales, purchasing, and distribution. “First, because we relied heavily on individual knowledge when shelving items, they were often in different – even multiple – locations. Second, our picking process wasn’t well organized. Even to fill simple orders, employees had to walk all over the place in back-and-forth patterns to locate items.” As a result, HBI’s counts were always off, mistakes were common and most orders weren’t shipped until the day after they were received.

As a growing company committed to customer service, HBI knew a warehouse management solution was critical. “First we tried automating things ourselves but quickly discovered we needed someone with experience to help us,” says Matt. He talked first with HBI’s SAP provider, and then he checked out half a dozen WMS solutions. Körber captured Matt’s attention right away because of its experience with SAP.

“SAP can be complicated, just like any system,” says Matt, which is why he was intent on finding an off-the-shelf solution that’s fully integrated with SAP. When he learned that more than 100 companies were already running K.Motion Warehouse Advantage, he couldn’t wait to take a closer look.

What he learned impressed him. “Körber had already done the trial and error and worked through all sorts of problems with other customers that were running SAP,” says Matt. “That gave Körber a definite leg up. Then, when I saw how reasonably the Körber WMS was priced, I knew we’d found the right solution.” Two other factors played an important role in HBI’s choice: scalability and responsiveness. “Other companies had good products, but they weren’t as scalable,” says Matt. “Nor were those companies as responsive



or knowledgeable.” In fact, their sales reps often had to go back to the office to get answers to HBI’s questions, while the Körber reps answered HBI’s questions immediately. Not only did that help convince HBI that Körber was the right choice, it helped build trust – trust that enabled HBI to pause and embrace the Five Ps of success: Proper Planning Prevents Poor Performance.

They focused first on completing other high-priority projects that would help set the stage for a successful implementation. Then, with the help of the Körber team, HBI carefully planned each step of the implementation process. “Our Körber implementation rep, gave us a list of everything we needed to get done before going live,” says Matt.

The list included creating a test environment and giving employees time to become familiar with the handhelds and the screens. Doing these things in a timely manner – not the day before going live – increased employee acceptance. “Anytime you make a change, even when that change makes things amazingly better, people get nervous,” says Matt. “However, after about three or four days of working with the solution, that nervousness went away. That’s when our people really started to appreciate Körber.”



Proper planning pays off: increased production, fewer errors

HBI's attention to detail paid off. While many WMS implementations run over budget and take longer than expected, HBI's "go live" in the summer of 2013 was flawless. "Everything worked exactly the way it was supposed to. What's more, results have exceeded expectations."

The top five benefits seen by HBI:

- 48% faster fill rates. "Körber helped us identify our most heavily picked items, all of which are now centralized in one location," explains Matt. "Before, pickers often had to walk from one end of a warehouse to the other." In addition, because all processes have been standardized, Matt can easily pull employees from one area; whether receiving, picking, packing, or shipping – to where they're needed most. "Doing that enables us to maintain high production levels," says Matt.
- 99.9% accuracy rates. "Before Körber, our error rate was astronomical," says Matt. "Mistakes were frequent and painful." Now, thanks to handheld scanners and barcode confirmations, HBI's accuracy rates are nearing 100%.
- Improved customer service. "Our ability to get product out the door has jumped enormously," boasts Matt. "While some orders top \$100,000, our average order is about \$1,000, and we can ship all orders in that range up until 3:00 p.m. the same day the order is received. That's unheard of in our industry, and customers really appreciate it." This quick turnaround benefits HBI as well: "The more quickly we get our products to retailers, the sooner they sell, and the sooner they sell, the more quickly we get another order."
- Streamlined receiving. "We receive at least a forty-foot container every day," says Matt. "That typically means thousands of items to identify, count, and store in the proper location. Before Körber accurate counts were rare, which messed up everything down the line. Now we have a receiving process with easy-to-follow steps, and our counts are always right on the money."
- Reduced training. In the old days, training new warehouse workers was time-intensive and clumsy. "We gave new employees a sheet of paper and told them to wander around until they figured out where things were," says Matt. "Now, within an hour, we have someone who's never picked before picking with ease." What's more, the real-time data Matt now has access to enables him to quickly identify employee issues before they become full-blown problems.

The biggest benefit: greater profit for all

"The company has doubled in size in the past five years," says Matt. "Körber has given us a way to keep up with that growth without adding employees. Before, if we had an increase in sales, we had to add more employees. Now, one person can do the work of two. Obviously that keeps payroll down."

It also benefits HBI's 50 employees, most of whom are members of the company's profit-sharing plan. The greater the company's quarterly profit, the more money employees receive. The more money employees receive, the happier they are. That, in turn, drives retention, which is very high at HBI.

"HBI is an awesome place to work," says Matt. And thanks, in part, to the power of Körber WMS for SAP Business One, the company's future is smokin' hot.

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