



PRINCIPAL  
Logistics Technologies



Wholefoods  
NATURAL FOODS & HEALTHCARE

# Traceability and Efficiency Make for a Winning Combination

## The Company

Ireland's largest and longest established wholesaler of natural products and healthcare business founded by Quentin Gargan has grown over the years as the Irish market for natural health foods has taken off with growing public awareness of nutrition and diet. Some of its vitamin, mineral and herbal supplements, for example, were unknown or regarded as exotic by the general public two decades ago but are now everyday products.

Today it is a leading distributor of health foods and associated products and serves over 1,200 customers nationally from its headquarters in Dublin. About 80% of its business is with health food stores followed by pharmacies, alternative health therapy practitioners and even some delicatessens. The range of branded and generic products covers health foods, herbal remedies, vitamins, minerals and supplements. Other products include facial, body and hair care preparations as well as homoeopathy and aromatherapy ranges. It is the Irish distributor and agent for well known brands such as A. Vogel, Quest, Eskimo and Optima.

## The Business

The busy Wholefoods Wholesale warehouse in Kylemore Industrial Estate is a 20,000 sq. ft facility on two levels. The stock variety is very wide, with about 6,000 SKUs (Stock Keeping Units) according to IT Manager Kylie Burke. There are also restricted and quarantine areas to comply with regulatory requirements, since some of the products listed are subject to Irish Medicines Board (IMB) regulations, including a number of prescription items. Wholefoods has a medicines distribution licence from the IMB and as such has to comply with its Good Distribution Practice (GDP).

The company is also licensed by the Department of Health and the Irish Organic Growers Association / Department of Agriculture for its food distribution business and has to comply with their licence requirements.



*Kylie Burke – IT Manager  
Wholefoods Wholesale*

Wholefoods Wholesale directly employs over 50 staff in sales and marketing, administration and the warehouse as well as six van sales people on the road. The operations and administration are based on a smart IT infrastructure, with dual servers supporting 26 desktop PCs plus 27 Radio Data Terminals units used by forklift and other warehouse staff all connected through a wireless infrastructure.

## The Systems Challenge

The growth of the business began to pose some serious challenges to the company's administration and current systems, Kylie Burke recalls, and in early 2005 we set about finding an appropriate solution. "The first element was straightforward enough—we simply did not have a stock and warehouse control system that was anything like smart enough for our requirements. We needed to increase our inventory accuracy and customer service. We certainly needed to minimize the time and paperwork concerned and find a better way to manage stock in multiple locations.

"More importantly, we needed to be able to comply with new food traceability laws which were introduced in October 2005 along with the existing need for full traceability

for our supplements side of the business. We needed a system that would give us competitive advantage in the market place by increasing accuracy and efficiency and serving our customers better. We also looked for a short term "return on our investment." We began by looking to our existing ERP system for the warehousing functionality that was required but it quickly became apparent that was not achievable. We then began a review process of newer and alternative ERP and accounting solution providers but it was soon clear that the high level functionality we wanted, and indeed needed, was not readily available even from the top end ERP solutions."

"When we were unable to find a one-stop solution we looked again at our business and our requirements. As a distribution company, it may sound obvious in hindsight," Kylie Burke admits with a laugh, "But while we had some issues with our ERP system most of our key requirements in fact revolved around effective stock management and traceability issues. We then set about finding a suitable stock and warehouse solution provider."

Some of the elements the company needed were straightforward enough, such as tracking goods in and out, warehouse location recording and generating pick lists. "Others were more complex. For example, a key requirement of our business is the traceability of 'Best Before' dates and 'Batch Numbers' through the pick-faces. This is time-consuming and tedious to record manually and there are very few systems that can manage this requirement efficiently. Also, we have a legal obligation to maintain complete traceability for all licensed and prescription items to satisfy the Irish Medicines Board. In addition, we were looking for a system with advanced stock and productivity report functionality to help achieve our end goals."

The final essential requirement, Kylie Burke explains, was that any warehouse management solution chosen needed to integrate seamlessly with the company's existing telesales and ERP software. "In effect we decided to opt for a 'best of breed' option and as such it was imperative that successful seamless integration was achieved."

### The Solution

As part of an extensive market search, Wholefoods Wholesale began discussions with Principal Logistics Technologies in 2005. "We went into great detail about their **In-DEX** system and how it could bring our warehouse and stock control to a new level but also integrate with existing systems and some specific requirements," Kylie Burke recalls. "Even after we had made the decision in principle we kept exploring the detailed options. In fact we deliberately took our time, because this was a big undertaking for us. We anticipated a major change management process as we conducted a complete overhaul of our warehouse and back office process flows in order to achieve optimum performance and in doing so we made steps redundant. Effectively, we would be moving everything to an electronic system, kicking out the paper and training all of our staff accordingly."

The **In-DEX** system went live in July 2006 and Kylie Burke reckons management and staff have quite simply never looked back. **In-DEX** eliminated errors in customer orders and simplified the employees' work as they now simply scan the barcode to identify the customer order, SKU and quantity required. "The warehouse people became very comfortable quickly with the hand held guns and it was immediately noticeable that the accuracy and pick rates increased. They embraced the new technology immediately, which had been a major concern initially.

"A constant problem for the warehouse staff is that so many of our stock items look almost exactly the same. There might be a subtle size difference or contents or whatever—say the number of capsules in a bottle— even though it looks so similar. That means there is lots of potential for picking errors. Familiarity is actually the danger, because you tend to see what you expect to see in the usual place.

**In-DEX** simply manages all of these issues as it directs the user as opposed to the user going to where they think the product is and as such, has eliminated such problems."



There were in the end no significant issues in implementing the **In-DEX system**. It takes care of all stock movement from the sales order processing system or when a purchase order is raised Order picking is made easy through the lists presented by the handheld units. Stock rotation rules and implementation of Best Before date policies are built into the system and automatically observed, with any required reports available at a click.

Higher levels of delivery accuracy have also been evident, which in turn has meant fewer stock returns. The van sales people are much happier because there are fewer issues at their end, dealing directly with the customers. Similarly, the company has saved money because wastage has been all but eliminated since the principal causes were through overlooked stock becoming out of date or packaging damage from unnecessary handling/transport as a result of errors.

At the back end, Wholefoods Wholesale will often have different promotions but the system copes happily with bonuses, price breaks and time-limited promotions. **In-DEX** exchanges data transparently in real time with the ERP system for Purchase Orders, stock replenishment, Proof of Delivery and Invoicing.

Traceability for compliance purposes is fully managed by **In-DEX**, from supplier despatch or warehouse arrival to the customer Proof of Delivery docket: "We simply have complete visibility of every item going through as well as up the supply chain and back down to our customers' doors—and to the shelf!"

### The Future

"Right now we are probably using no more than about 60% of the **In-DEX** system capability," Kylie Burke concedes. "For a start, there is a wide range of management reporting that we are just starting to pay attention to such as the pick rates per hour. We are also looking at ways in which it can contribute to decisions on space requirements, trends and changes and possible layout variations for greater efficiency."

The greater efficiencies and productivity achieved are clearly the main return on the investment in the **In-DEX** system, Kylie Burke concludes, including the savings in staff time and error reduction. "But in many respects we see the traceability as one of the most important benefits. The proportion of our products covered by either Irish Medicines Board or Food Safety Authority of Ireland regulations is significant and we simply had to have a smart, auditable system to comply. But we see an increasing number of products in the health food and supplements sector requiring similar traceability in the future. We would also wish to operate to Best Practice standards in consumer product distribution, which might well be important in extending our product range."

### For Further Information Contact :-



**Principal Logistics Technologies Ltd**  
56 Pembroke Road  
Ballsbridge  
Dublin 4  
Ireland  
Tel + 353 1 683 3333

[www.principallogisticstechnologies.com](http://www.principallogisticstechnologies.com)