

“Since implementing Manhattan’s Warehouse Management solution, we’ve realized substantial gains in efficiency, which have allowed us to reduce order turnaround time for our customers and increase shipping accuracy to 99.7%!”

Ritch Flogstad, Vice President of Operations
Northern Tool + Equipment



Headquarters: Burnsville, MN

Distribution Centers: 3

Manhattan solutions:
Warehouse Management, Labor Management

Northern Tool + Equipment re-tools its distribution centers

Existing Processes Unable to Keep Up With Rapid Growth

At Northern Tool + Equipment, it’s not about having the right tools for the job—it’s about finding the right job for the tools! The company sells more than 16,000 products used to build and repair, including snow blowers, log splitters, pressure washers, power generators and other heavy-duty tools and equipment, primarily to construction contractors, landscape crews, auto shops and the do-it-yourself crowd.

Founded in 1981 as a mail-order shop in the CEO’s garage, Northern Tool sells the majority of its products through the company web site and catalogs. It also markets its merchandise in more than 60 retail stores in 11 states.

The company’s massive growth in terms of product assortment and points of distribution motivated Northern Tool to reassess its distribution processes. The company quickly found that its lack of automation limited inventory visibility and extended order turnaround times. The company also needed to improve order accuracy to its catalog customers and retail stores.

Manhattan’s Multi-Channel Distribution Experience Attracts Northern Tool

When Northern Tool initiated its search for a new warehouse management solution, the company wanted a distribution partner that had as much experience as possible in the multi-channel distribution space, with heavy emphasis on the direct-to-consumer arena. Through its evaluation process, Northern Tool determined that Manhattan Associates had the expertise it needed to enable the company to increase inventory visibility, create new picking efficiencies to improve order turnaround times, and increase order accuracy.

Implementation Streamlines Northern Tool’s Processes

Northern Tool implemented Manhattan’s Warehouse Management solution at the company’s three distribution centers (DCs) in Fort Mill, South Carolina; Faribault, Minnesota; and Savage, Minnesota. Northern Tool also rolled out Manhattan’s

Challenge:

Northern Tool’s lack of automation limited the company’s efficiency and responsiveness.

Solution:

Manhattan’s Warehouse Management and Labor Management solutions enabled greater efficiency and accuracy.

Result:

Space needs reduced by 200,000 sq. ft.; shipping accuracy improved to 99.7%; greatly increased customer satisfaction levels.



Northern Tool has aggressive growth plans for the next few years so we will continue fine-tuning processes, particularly in distribution to our retail stores.

**Ritch Flogstad, Vice President of Operations
Northern Tool + Equipment**



Labor Management solution to establish and monitor productivity expectations and to reward peak performance.

More than 60% of Northern Tool's orders ship direct to the consumer. These orders are processed at the company's Fort Mill, South Carolina DC. When merchandise is received at the DC, each box is labeled and sent to a reserve inventory location. This inventory is used to keep the active pick area, where customer orders are most commonly selected, fully stocked.

As soon as the product is located it becomes available for sale. Once an order is placed on the host system, it is sent directly to the Warehouse Management solution. Customer orders are waved together in batches and bridged down for picking, in the form of a pick ticket. Order selectors use pick trucks to pick the items on their tickets. They then place the goods selected onto a conveyor that transports them to a packing area. After the goods are packed, they are placed back on the conveyor and divided by shipping method and prepared for transport to their final destinations.

The Faribault manufacturing and distribution facility ships direct to consumer as well as to the company's retail stores. Retail orders are processed at both the Fort Mill and Savage facilities. When it comes to order selection, Savage orders are picked by the item according to the total number of items requested on any given day, across all of Northern Tool's retail stores. Once all items on an order are picked, the selected goods are distributed across the stores (each store has its own shipment staging area). Fort Mill currently picks each store independently.

Northern Tool Reduces Space Needs By 200,000 Square Feet and Improves Shipping Accuracy to 99.7%

Northern Tool realized significant benefits through implementing Manhattan's solutions. Efficiency gains enabled the company to reduce its distribution space needs by 200,000 square feet. In addition, the solution permitted the company to assign labor more effectively throughout the warehouse. Labor Management also gave the company the tools to manage its growth while maintaining essentially the same level of resources. Together, Warehouse Management and Labor Management stopped the escalating distribution center costs that the company had been experiencing.

Northern Tool also decreased order turnaround time and reduced shipping errors, which were previously a primary reason for customer service calls. In fact, the company improved shipping accuracy to 99.7% and continues to see improvement each year. With better order consolidation, Northern Tool has also been able to reduce costs. More importantly, by shipping goods faster, more accurately and in fewer packages, Northern Tool has significantly improved customer satisfaction levels.

Learn more about Manhattan Associates and our solutions:

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