

Southco Distributing Company found \$280,000 in savings--and climbing

THE CHALLENGE

Southco Distributing Company does a lot of things right. In business for more than 35 years, Southco is one of the top 25 largest convenience store distributors in the nation and serves more than 1,300 accounts across five Southeastern U.S. states.

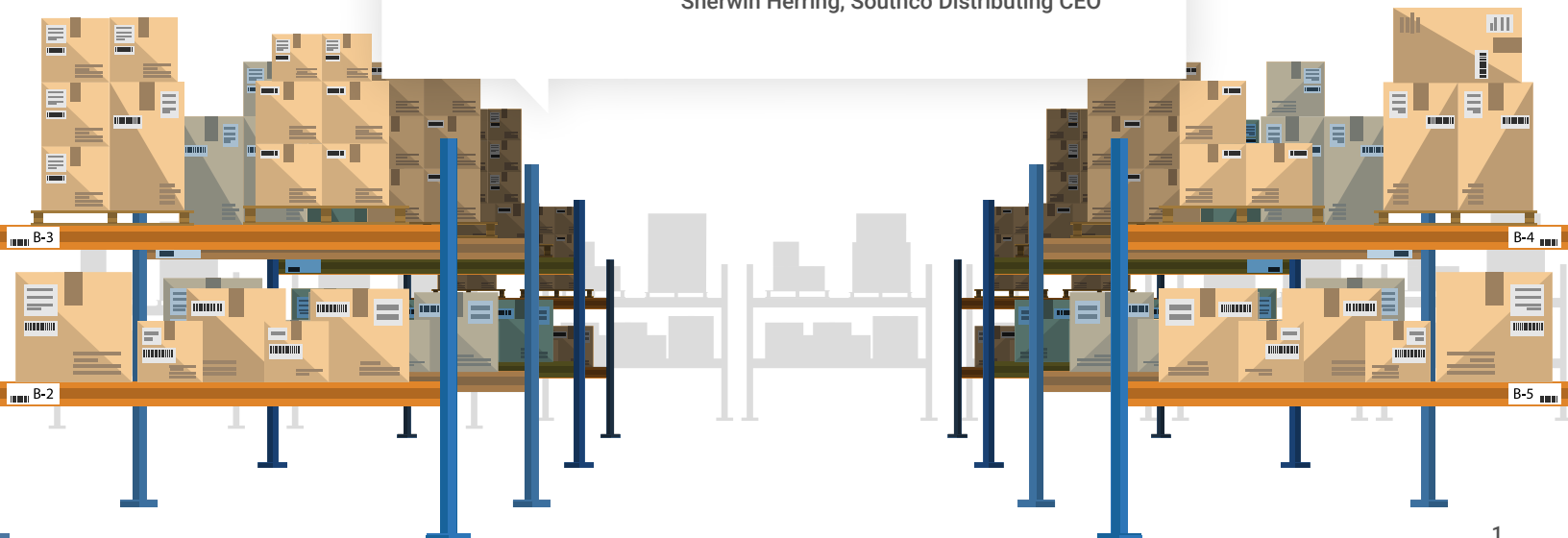
As the largest privately-owned company in Wayne County, North Carolina, Southco employs more than 200 employees and occupies 240,000 square feet of warehouse space in Goldsboro, the area's county seat. But the story of Southco's success can't be told simply with numbers. What's helped the company remain innovative is a restlessness to always improve how it operates.

That unwillingness to ever believe it was functioning as efficiently and effectively as possible led Southco to partner with Nowsight, a Wilmington, North Carolina-based company that helps businesses collect and analyze its own data to dramatically improve their operations and decisions.

It's a partnership that has already saved Southco \$280,000, and will continue to drive both financial and employee benefits long into the future. Here's how:

"We've always felt like we had room for improvement in our operations--and that's what we've found. The Nowsight tool has brought awareness to issues and it's helping us change the culture. Most significantly, Phase 1 of our project has delivered labor savings of \$280,000 a year. We can't imagine running our business without these insights."

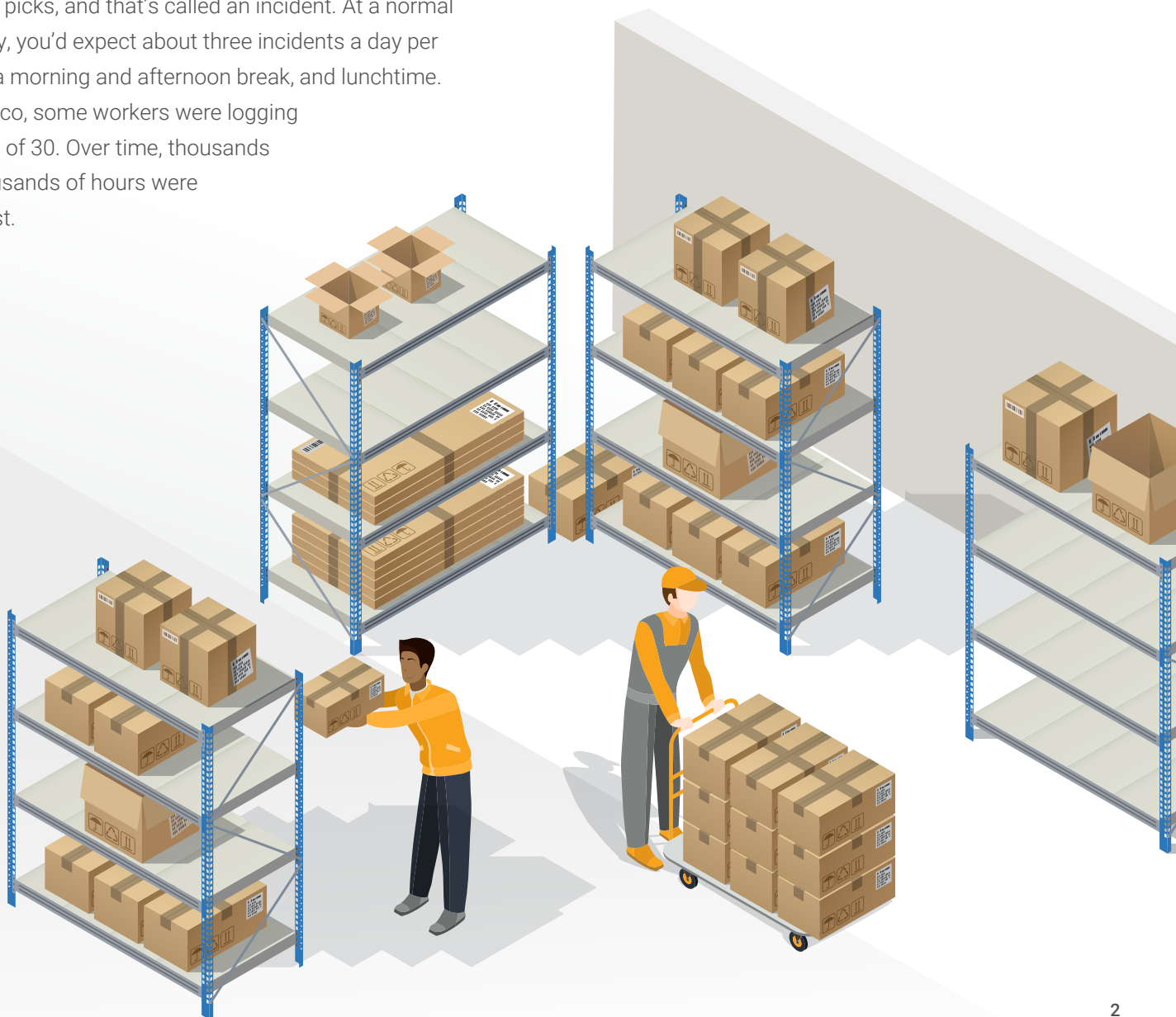
Sherwin Herring, Southco Distributing CEO



THE QUEST FOR INSIGHTS

Sherwin Herring, Southco's owner and CEO, knew there were opportunities for the company to be more efficient and productive. Southco's business is delivering stock—from premade sandwiches to cans of chili—to hundreds of convenience stores across the South. The heart of the business is order picking, when the company's workers pull inventory from warehouse shelves to fill outgoing orders. "We felt like we had a lot of picking downtime," Herring said, referring to the minutes and hours (and cumulatively, days) when pickers should have been picking, but weren't. Managers could sense that the pickers could be working more efficiently, but didn't know how to address the problems—or, in many cases, just what the problems were. "We wanted to start our business intelligence work in the warehouse picking operations because insights into that downtime—and inefficiency—were missing," Herring added.

The first step involved analyzing how the warehouse was functioning in order to identify improvements. Working closely with the Southco team, Nowsight began by analyzing the picking habits of their staff. For a typical picker, the longest time between "picks"—pulling a load of potato chips, say, and then pulling a dozen packs of gum—is about three minutes. Go five minutes or longer between picks, and that's called an incident. At a normal company, you'd expect about three incidents a day per worker: a morning and afternoon break, and lunchtime. At Southco, some workers were logging upwards of 30. Over time, thousands and thousands of hours were being lost.



To combat the problem, Southco began analyzing employee work habits and displaying the data in simple, easy-to-read dashboards. Displayed on flat-screen TVs throughout their warehouses, the dashboards showed everything from which workers were being the most productive and employee “personal bests” to which items were most likely to run out of stock next. With workers incentivized to work their hardest and supervisors able to check stock in real time and eliminate dreaded “out of stock” emergencies, production shot up—way up. Shifts of 30 to 32 workers dropped down to about a dozen today, with no loss of productivity.



Nowsight configures every system to deliver the exact intelligence each company needs to run their business. And because the system is running 24/7, Southco never has to manually run reports or wait until end-of-the-week numbers to act. One real time data measurement—collective team speed—has increased both productivity and company teamwork by letting teams of workers know precisely how fast they would need to pick to get out of the warehouse by, say, 4 pm, rather than 7pm. The end result: teams work quicker and get home faster.

“It’s pretty remarkable, the speed that Nowsight works at. We’ve done software projects in the past and it’s been slow and drawn out,” said Herring. “The Nowsight team are on it and their backgrounds in both technology and operations brings a lot to the table. It’s not just ‘here is the data’ but ‘here is what you can do and here are the underlying causes.’ Simply put, Nowsight delivers.”

IMMEDIATE BOTTOM-LINE IMPACT AND A CHANGING BUSINESS CULTURE

Nowsight and Southco focused the first phase of their work on warehouse picking operations. Implemented and installed last November, Nowsight's dashboards helped slash warehouse labor costs \$70,000 in the first quarter of 2018 by targeting and eliminating inefficiencies like excessive worker downtime and identifying and rewarding top performers. The result was a leaner, more productive workforce, with considerably fewer workers doing just as much if not more of the daily picking tasks. "We found monetary savings, which we expected, but the magnitude of the savings surprised and delighted us," said Herring.

On the dashboards, Southco and Nowsight set up green-yellow-red thresholds for time between picks to better understand productivity and still allow for employee breaks and changes in workflows. The monitors around the warehouse display not just metrics, but these color-coded productivity tiers.

Management has seen a culture change within the warehouse picking team. "People are hurrying back from their breaks," said Dena Grice, warehouse administrative supervisor. "Because they know their interval between picks is going to go from yellow to red and they want to keep their metrics up."

Another Nowsight feature that Southco has come to rely on is automated emails and alerts. In addition to alerting the shift supervisor when an item is about to go out of stock, automated alerts also go out when a picker has more than eight minutes of down time. For the picker, simply identifying the slowdown is often enough to correct the problem, but sometimes these alerts can let supervisors know about fundamental problems in the warehouse that might be impacting other workers as well.

Morale has gone up. "Everyone loves looking at the board and seeing their performance," said Grice. And because the Nowsight system detected an issue with cherry-picking larger line-count orders—which allow a crafty picker to appear more productive by filling large single orders rather than a multitude of smaller ones—they have been able to balance job assignments and identify employees that have turned out to be rock stars.

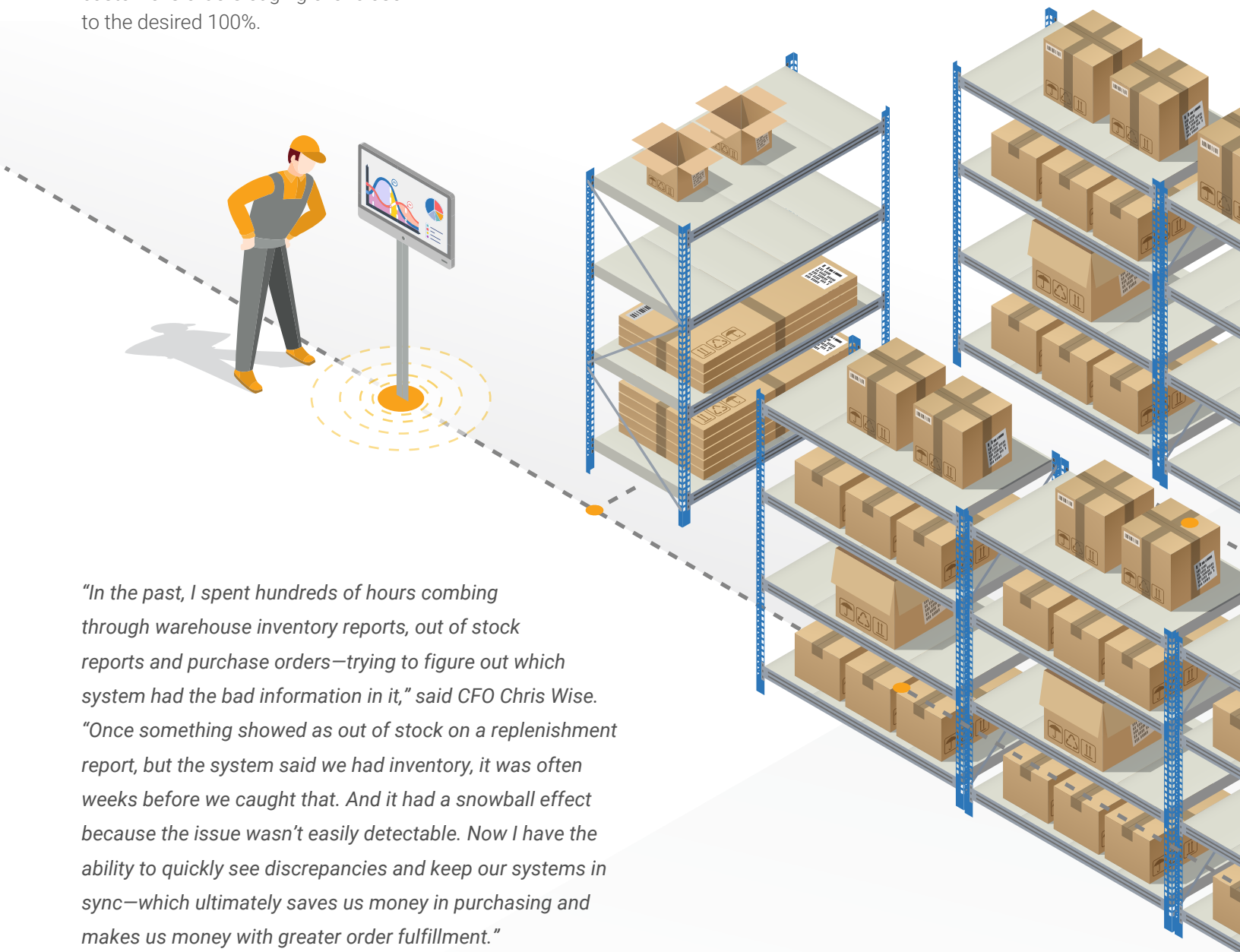
"There's no disputing the numbers," said warehouse operations leader Scott Barry. "Being able to see uptime—something we couldn't measure before—has been eye opening. The stocking team has seen the changes in picking operations and are excited to see what happens in the next phase with them. And it may sound counter-intuitive, but it's created more of a team environment where people push each other and if someone isn't pulling their weight, people aren't afraid to call them on it."



FROM PICKING TO STOCKING

The boosts on the picking side have been significant, but the second phase of the project — focusing on warehouse stocking operations — has even more potential. While pickers are essential in moving stock from the warehouse to your local convenience store, nothing happens if the warehouse shelves are bare. Stockers keeping the warehouse shelves full, and Nowsight's ability to give real-time data has been invaluable for both the stockers and their supervisors.

Running low on bottled water? An automated alert goes out to the supervisor, before the shortage becomes a problem. Consistently running out of bottled water? The dashboards can identify items that are repeatedly out of stock—and compare it to inventory on hand—so if something is misplaced in the warehouse, it can quickly be found. Dashboards, reports and real-time alerts assist the management team in identifying stocker productivity trends—replenishment speed, reporting gaps, interval between stocks, and more. The end result: fill rates on customer's orders edging ever closer to the desired 100%.



"In the past, I spent hundreds of hours combing through warehouse inventory reports, out of stock reports and purchase orders—trying to figure out which system had the bad information in it," said CFO Chris Wise. "Once something showed as out of stock on a replenishment report, but the system said we had inventory, it was often weeks before we caught that. And it had a snowball effect because the issue wasn't easily detectable. Now I have the ability to quickly see discrepancies and keep our systems in sync—which ultimately saves us money in purchasing and makes us money with greater order fulfillment."

MONEY SAVED AND MONEY EARNED

“Realizing labor savings of over a quarter million dollars a year directly impacts our bottom line,” said Herring. “And every morning I also get to see exactly what we did last night. What went out, total cases and pick rate. Getting better visibility on the stocking side will also directly impact our business because we’ll be able to quickly analyze and resolve our out-of-stock issues. Any time we can’t ship something out because it’s not stocked properly—that’s lost revenue. So we’re improving our business from both the top-line and bottom-line.”

SUMMARY

“The partnership between Southco and Nowsight has been just that—a partnership. They are vested in our success and they have designed our dashboard and alerts to deliver maximum value and insights,” said Herring.

Our business runs on delivering the right inventory, to the right customer—on time. It’s the Southco superior service guarantee. Finding a partner like Nowsight, who shares our commitment to service and excellence has improved our business. We found savings, but we’ve also improved the fundamentals of our business.

