BLACK RIVER PRODUCE

CLIENT SUCCESS STORY | Nucleus Research | Analysts: Seth Lippincott, Rebecca Wettemann

The Bottom Line

Black River Produce deployed VAI S2K Enterprise for Food with a voice warehouse picking system to transform the business model from a manual system, replace an enterprise planning application, and support its future growth plans. Nucleus found that the project enabled Black River Produce to increase efficiency, visibility, and accountability. Key benefits included increased productivity, reduced losses from shrinkage and errors, and increased customer satisfaction.

ROI: 45%
Payback 2.3 years
Average annual benefit: $1,188,529

The Company

Black River Produce is a food service distributor located in North Springfield, Vermont. It has delivered fresh and frozen provisions from local farms and regional markets to buyers throughout Vermont, northwestern Massachusetts, half of New Hampshire, and eastern New York for more than 30 years. Local products are key to the company mission and philosophy. Employing more than 180 people, the company's revenue exceeded $78 million in 2015.

The Challenge

Black River Produce's goal is to become the most efficient local food distribution center for northern New England and eastern New York, but in 2011 it found that its existing technology was limiting its ability to scale and grow:

- The existing enterprise resource planning (ERP) application had been heavily customized and, as a result, had not been upgraded in some time. A significant amount of staff time was devoted to just keeping the application operational, and the aging technology didn't address many of Black River's functional needs.

- Reporting within the existing application was difficult and time consuming, and offered only limited visibility into business operations because of challenges with integration of data from the warehouse and other areas. Black River needed a system that would provide greater end-to-end visibility into the business from the warehouse to orders and deliveries, and could support its growth needs.

Cost: Benefit Ratio 1:1.4

The Strategy

In 2011 Black River identified the need for a new ERP system and began its due diligence in 2012. A number of solutions were evaluated before selecting VAI. A dedicated project manager was hired to manage the process and in 2014 the company ultimately selected VAI S2K Enterprise for Food for a number of reasons including:

- Black River determined that

the functionality of VAI S2K met the company's current and expected needs.

- Black River believed that VAI S2K offered a comprehensive solution with realtime availability, warehouse management, inventory controls, and the infrastructure necessary to grow with Black River's business expansion.
- Black River identified that the functionality of VAI S2Kprovided the ability to add additional services such as barcodes and receiving, and could be integrated with voice picking.

VAI S2K was deployed on March 28, 2015, and it took 10 months to extract all the data from the company's existing software. As a part of the implementation the team led a companywide effort to develop comprehensive standardized operating procedures for all business units that would better support operations for the future.

VAI provided consulting and training services for the implementation. Black River was committed to a timely deployment and dedicated the project manager to oversee the project. Internal training was completed within the first year and included all warehouse personnel, accounting, drivers, buyers, and sales staff. At the same time Black River implemented and integrated a Vocollect speech interface application.

Key Benefit Areas
Deployment of VAI S2K initiated a business transformation that supported Black River's mission of increased efficiency, full accountability of all departments, and a support plan for continued growth. Key benefits of the project include:

- Increased productivity. The implementation of voice picking and other automation increased productivity and efficiency in the warehouse. Visibility across the business for accounting, buyers, and sales reduced the time spent searching for information for decision making.
- Reduced inventory shrinkage. The implementation of a voice picking system and accessibility of real-time business analytics resulted in reduced shrinkage.
- Decreased errors. Greater visibility and automation resulted in fewer customer credits issued because of delivery errors and incomplete deliveries. Lost sales can now be tracked and monitored. This significantly reduced returns and enhanced customer satisfaction.
- Increased visibility. With greater visibility into business operations across the board, managers can now implement and track the impact of their decisions while having a better handle on employee and team performance.

Best Practices
Black River benefited from VAI S2K with the deployment of a comprehensive ERP system that delivers real-time data, companywide accountability, and improved operating efficiencies. During the investigative period, senior management recognized the need for a dedicated project manager to plan and manage the implementation.

Black River also believed that although this deployment was a technology installation, it could produce a significant cultural change for employees, whose performance would now be evaluated by measurable standards. It hired an individual with the skill set that could successfully navigate the deployment process and build consensus to unite the staff.

Calculating the ROI

Nucleus quantified the initial and ongoing costs of software licenses and maintenance fees, hardware expenses, personnel time to implement and support the application, employee training time, and consulting to calculate the total investment in VAI S2K.

Direct benefits quantified included the avoidance of four additional full-time equivalent warehouse hires because of increased efficiency through voice picking, reduction of inventory shrinkage, and reduced customer credits for errors and missing deliveries. Indirect benefits quantified included the increased productivity of staff in a number of departments including accounting, buying, and sales, and were quantified based on the average annual fully loaded cost of those employees, applying a correction factor to correct for the inefficient transfer of time between time saved and additional time worked.

Not quantified were the reductions in customer churn that will result from Black River's ability to provide more data-driven customer service, and the long-term impact of Black River's investment in technology to support changes in culture that will enable it to grow more scalably and profitably.