

# WMS from Consafe Logistics at Hitachi

## WMS from Consafe Logistics changes working routines at the Hitachi Construction Machinery (Europe) European Parts Depot.

At the end of 2005, the Hitachi Construction Machinery (Europe) European Parts Depot (HCME) in the Dutch city of Oosterhout switched from a 'paper' warehouse management system to an automated system. HCME purchased the SattStore WMS from Consafe Logistics. It led to new, different ways of working that had a positive impact on the employees.

Hitachi Construction Machinery (Europe) built its European parts center in the Dutch city of Oosterhout in 1980. In 2000 it moved to a new location and four years later the warehouse expanded from 3,400 m<sup>2</sup> to 7,600 m<sup>2</sup>. This growth was as a result of expansion in range and revenues, which demanded more contemporary storage materials.

*"Our revenues grew by more than forty percent in two years and is still growing"*, says Mr. Martijn van Laarhoven, who is Warehouse Account Manager as well as Assistant Warehouse Manager with HCME. This growth led to a problem. The existing paper based information management system no longer worked. The registration of article numbers from new received parts, the

matching of article numbers with storage locations and the management of order pick activities had reached its limits.

*"Our stock volumes expanded too much. We had over 56,000 different item numbers and none of our employees knew so many numbers by heart. So we had to switch from a written registration system to a computerized system"*, Ruurd Visser, Logistics Parts Manager, explains.

In the 'growth year' of 2004, HCME decided to start the search for a WMS which could manage all activities in receiving goods, unpacking goods, storing goods – including the management of storage locations and the management of mobile and vast internal transportation – as well as the picking, packing and finally expediting shipments. SattStore WMS from Consafe Logistics was selected after a large market review.

### Managing more than 45,000 items

SattStore was implemented in 2005 and operational in October. It manages the receiving of goods from Japan and other



countries, spare parts for machines and equipment such as cranes and bulldozers, trucks and other machinery sold by HCME in the EMEA region. *“We stock some 30,000 small parts in crates on shelves and some 15,000 fast moving small parts in our 11 meter high Kardex Shuttle”*, Mr. Van Laarhoven explains.

Bigger, heavier slow movers are stocked in the Medium Parts Storage area. This narrow aisle warehouse uses a Man Up Orderpicker for inbound and outbound activities.

A new fully automated pallet racking area by Daifuku was installed in the 18 meter High Base warehouse. This bulk warehouse has 3,500 pallet stock locations and is served by two automatic cranes. They move pallets down to the workstation for picking and remove them afterwards to other storage locations in the AS/RS.

Larger parts are stored in another racking warehouse. They are mainly slow movers which can be put away at some distance from the picking, receiving and dispatching areas.

The packing department, combining picking and dispatch, is divided into two elements. One specializing in fast orders (overnight deliveries) and the other in less time-dependant stock deliveries. HCME in Oosterhout ships about 300 packages to customers in all countries in Europe, Africa, the Middle East and Russia on a daily basis.

Complete capacity is not yet reached, the system is already able to handle 55,000 items (inbound, picking, storage, dispatch).

### **SattStore manages all functions**

SattStore WMS has an important key function in all these activities. *“We wanted to continue dispatching in a flexible way despite the huge expansion of items and we wanted to continue offering our high service level to our*

*customers”*, Mr. Visser says. But we faced the constraints of the paper inbound and order picking systems. We had delays and even delivery faults. *“We relied too much on our employee’s knowledge and experience, and found out that nobody could know everything”*, according to Mr. Van Laarhoven. So it was recognized that a system was needed for optimum management that contained all stock, item numbers, storage locations (inbound and picking) in a database. *“SattStore WMS takes care of this and even controls the Daifuku cranes for the pallet storage”*, he explains. *“Only the Kardex Shuttle has its own software but Consafe Logistics made an interface for communication with SattStore so it connects to all other work.”*

Greater efficiency has been gained in all activities because of increased stock reliability. *“We work with less stock checks and less stock counting which saves a lot of time and work”*, Mr. Visser now knows. The administrative departments receive their information faster (on line) and more accurately. *“Which made it possible to do more work with the same amount of people and that led to increased revenues”*, he claims.

However the most important effect of implementing the WMS was the social cultural change in the warehouse. *“Our people had to become familiar with a completely different way of working”*, Mr. Van Laarhoven says. Everything was suddenly ‘different’, more structured than before and there was a prescription about how much work had to be done on a daily basis as a group. *“Planning now is much more tight so we demand more from our people. There is less opportunity to bring your own ideas in, typical for paper management systems”*.

There is now a terminal display which informs about what to do on what location and there are bar code scanner checks to see if employees have performed their tasks correctly. It’s different from reading a picking



list and deciding for yourself what to do first or where to put the inbound stock. However there are some possibilities for spontaneous initiatives because every employee is asked to think about the new activities and to inform the management about improvements.

### Problems

Apart from social and cultural changes, managers did find some problems with implementing SattStore. It appeared that 4 hours of training was not enough to bring everybody on standard, so extra time was needed. Also the HCME management was not quite happy with all SattStore's activities. It took an extra 6 months to change the software. For example the interfaces to the administrative software needed more work than expected.

*“And SattStore appeared to act in another way than we wanted in some aspects, so we had to ask the Consafe Logistics people to change the WMS to fit our requirements. I have to say that all this has been done very carefully by Consafe Logistics”, Mr. Visser says. “But of course the HCME people have changed their working routines in line with the way the WMS controls the warehouse activities”, Mr. Van Laarhoven completes.*

Both the managers agree that Consafe Logistics did its best to solve all problems in a pleasant and effective way, including adding extra manpower to complete all unforeseen tasks at HCME. *“Maybe we had some more problems and demands than was foreseen this occasionally stretched Consafe Logistics' manpower”, Mr. Visser thinks.*

But it all came good and everyone is pleased with the way their WMS supplier thought with them and acted with them to find the best solutions. *“The results are more than satisfying!”*

HCME can now completely fulfill all customers' requirements thanks to the way SattStore plans, controls and manages all activities. And that is what it is all about.

2007

