Dunkin ' Donuts Mid-Atlantic Distribution Center

Dunkin' Donuts Runs on Retalix

Dunkin Donuts Mid-Atlantic Distribution Center Inc. (MADC) is a self-distributing cooperative for the Dunkin' Donuts franchise stores. In 1986, Dunkin' Donuts MADC started in a 79,000 square foot warehouse in Thorofare, NJ. A few years later, they expanded into a 125,000 sq ft facility in nearby Swedesboro, NJ, but within five years, Dunkin' Donuts MADC added the Baskin Robbins and TOGO brands. In their search for a new facility, Dunkin' Donuts MADC also re-evaluated their business processes and automation needs to more efficiently handle their increased volume. Now settled in to the current 300,000 sq ft facility in Westampton, NJ, Dunkin' Donuts MADC not only more than doubled in size, but also partnered with Plano, TX-based Retalix for an integrated solution to drive this growth.

Challenges: A Manual Operation on a Growth Spurt

Initially, Dunkin' Donuts MADC didn't have an IT department, but instead just had a person to keep the PCs running. "We were a very manual operation," said Warren Engard, Dunkin' Donuts MADC Director of Warehouse Operations. "By creating manual pick tickets and adjusting inventory off of invoices, we never had a clear idea of the inventory levels in our warehouse."

Dunkin' Donuts MADC got orders from the AS/400, but without feedback, which delayed adjusting inventory off until invoices were received. Having a person with a clipboard manually doing the checks and balances also opened the door to human error and created challenges since Dunkin' Donuts MADC doesn't carry more than five days worth of inventory. It was clear that with the plan to move to the Westampton facility and more than double their size, they were in need of a more sophisticated solution and processes.

Solutions: The Right Solution at the Right Time for the Right Price

Retalix impressed Engard with its knowledge and expertise in the food industry. Full-featured functionality was key; Dunkin' Donuts MADC was looking to change every bit of their software and was pleased that every part was covered in Retalix. The integrated ERP with the full office interface to the warehouse was implemented, from Retalix Power Enterprise, Retalix Power Warehouse, Retalix Power Productivity, Retalix Power Net to Retalix Power Sell.

Dunkin' Donuts MADC first elected to implement voice in the warehouse. Engard was impressed with voice systems after seeing them at a tradeshow. "Hands free pick is definitely attractive when you need to constantly be lifting 50 lb bags of ingredients" according to Engard.

"We trained employees in the old facility so that when they moved to the new one, they were ready to go and just had to learn the new warehouse layout," Engard said.

"We wanted to do it right," commented Craig Setter, Executive Vice President and Chief Operating Officer. "We took our time, found Retalix, and away we went."

"Retalix proposed an aggressive implementation schedule, and once we finished the gap analysis, everyone was onboard," according to Tony Iamurri, Director of IT.

But during the implementation, everything that could go wrong, did go wrong – Dunkin' Donuts MADC endured getting hit by two lightning storms, bad cables, operational changes at the brand level – and yet according to Setter, "if I had to do it all over again, I would in a heartbeat."

Results with Power Warehouse: Revolutionizing the Distribution Center

Implementing Retalix Power Warehouse revolutionized the distribution center thanks to a real-time look into inventory and better product visibility.

Profile

- Industry: Specialty
- Headquarters: Westampton, New Jersey
- Size of Warehouse: 300,000 sq ft
- Number of Members: 2,500+
- Number of SKUs: over 1,200

Products

- Retalix: Retalix Power Enterprise, Retalix Power Warehouse, Retalix Productivity, Retalix Power Net, Retalix Power Sell

No longer is there a need to shut down the facility to perform a full warehouse inventory that was prone to human errors; now the facility uses cycle counting. No longer is there a search for the product; thanks to Retalix Power Warehouse, pickers are directed exactly to the product location.

Before implementing Retalix Power Warehouse and voice, Dunkin' Donuts MADC had eight full-time checkers, but now because of the accuracy, there are no checkers needed.

In the old 125,000 sq ft facility, Dunkin' Donuts MADC had four full-time employees to replenish product, however, in the current Westampton facility, they only need to employ two full-time replenishers. Since making the move to Retalix Power Warehouse, Dunkin' Donuts MADC has seen a 20% pick-rate increase in dry and 30% increase in the freezer.

"With a fill rate of 99.8%, using Retalix Power Warehouse has virtually eliminated stock-outs," commented Setter.

Dunkin' Donuts MADC is enthusiastic to be an early adopter of new technology and introduce brand new methods for boosting warehouse productivity. For example, Dunkin' Donuts MADC enhanced its voice system to include loading, putaway, and replenishment – functionality that is hard to find in other food distribution warehouses.

"Retalix Power Warehouse has opened the door to a new mind-set for a better way to do things," Engard noted.

In particular, Retalix Power Warehouse voice-enabled loading module has been a boost for productivity. The module directs the warehouse crew where to place the pallets being shipped. Gone are the days of accidentally leaving the pallets on the dock or loading the pallets on the wrong truck. "We load about 100 trucks a day on average, with just over 5 stores/stops a day," according to Setter. "We used to have pallet errors once or twice a week, but with Retalix Power Warehouse, we haven't misloaded a pallet in 5 months. It's perfect now."

"Absolute perfection now," echoed Engard.

Results with Retalix Power Net: The face of the DC

"Retalix Power Net is the most important piece of software because it is member facing," said Setter. Retalix Power Net Internet customer service solution boasts fully integrated, real-time functionality with custom templates, full history, and product information including substitutions, Kosher items, and related items. Information is constantly flowing to the member community.

With 2500+ stores, Dunkin' Donuts MADC has members of all levels of technical ability to cater to and automate, and the goal to becoming 100% automated with individuals placing their own orders and Dunkin' Donuts MADC just filling them.

"Our web site is phenomenal thanks to Retalix Power Net," said Setter. "The response from Retalix is outstanding; we ask for a feature and Retalix can put it in there."

According to Setter, a couple years ago, only 20-40% of the members used the web to place orders. Small mom-and-pop stores resisted using the tool, but now 95% are Internet savvy and want to place orders online. Currently, financial statements and invoices are only available online.

"Retalix Power Net is so easy to use, our members called and told us to stop sending invoices," Setter recounted. "They told us that they didn't want us spending the money. When you consider that we were sending about 2000 invoices a week that were 3-4 pages each, and you add up the postage cost and the time involved, this is HUGE."

Results Beyond Products: Surpassing Industry Standards

While Dunkin' Donuts MADC has noticed improvements in the processes used throughout the warehouse, the organization has also recognized improvements in the personnel using the software. Employees have embraced the new technology and processes, and risen above and beyond their original entry-level jobs to that of more subject matter expert levels. "They have moved beyond manual labor to that of a skilled, knowledgeable company asset," said Iamurri.

Dunkin' Donuts has an aggressive growth plan for the entire United States and worldwide and one of the first steps is to combine all technology efforts into one national system. Currently, all Dunkin' Distribution Centers have made a commitment to use Retalix Power Warehouse.

"Retalix software is everything we thought it would be," Engard noted.

"Today it's unbelievable," said Setter. "We're looked at as by far one of the best and are beating industry standards in every category." ■

Dunkin' Donuts MADC has noticed significant benefits to using the forecasting software in Retalix Power Enterprise.

"Through the forecasting we have driven $3-$4.5 million out of our inventory carry costs and it is now down to 4 ½-5 days for product on hand."

- Craig Setter,
executive vice president and
chief operating officer

Retalix