



iCepts

CLIENT CASE STUDY



Vital Project Statistics

Company:

Dutch Valley Food Distributors Inc.
7615 Lancaster Avenue
Myerstown, PA 17067
717.933.4191
www.dutchvalleyfoods.com

Contact:

Matthew V. Burkholder
Director of Operations

Revenue: Private
Employees: 108
Year Established: 1974

Markets: All of the Continental US

Industries Served:

Food industry including: Supermarkets,
Bakeries, Mom & Pop Food stores,
Churches, Small Distributors and Manu-
facturers

Operational Statistics:

Inventoried products : 3,500
Customers: 3,000
Sales orders: 7,000 / month
Line items shipped: 210,000 / month
Vendors: 400
Purchase orders: 1,650 / month
Inventory turns: 12 / year
Warehouse size: 120,000 SQFT
Truck Fleet: 26
Facts Users: 40
Radio Beacon Users: 50

Web based E-commerce: Future (On-Ramp X)

System Cost (Radio Beacon 2001):
Software & Services: \$275,000

Time to Implement: 6 months (Radio Beacon)

Application Areas:

General Ledger	System Manager with
Accounts Payable	40 User Licenses
Accounts Receivable	Radio Beacon with
Inventory	50 User Licenses
Sales Order	Bar Coding & RF
Purchase Order	
Sales Analysis	

Dutch Valley Foods, a family-owned and operated business, distributes bulk food products to more than 3,000 customers throughout the United States. The company began modestly in 1974, distributing four products out of the back of a small truck. Today, Dutch Valley distributes over 3,500 products from its modern 120,000 square foot warehouse in Central Pennsylvania. In addition, they own a fleet of refrigerated trucks that deliver their food products to customers in twenty-three states.



Dutch Valley is a truly unique company. In the last ten years, their compound annual growth has exceeded 10%, all of which was achieved, remarkably, without any marketing or advertising budget. "Our growth and success are based upon customer referrals and our dedication to service," explains Matthew Burkholder, Director of Operations.

Dutch Valley's valued customer service policies include:

- 100% quality and freshness guarantee
- A "no hassle" return policy
- On-time delivery with high order fill rates
- Store layouts and resets
- Product put-a-ways, anywhere the customer chooses
- Customer Service people that demonstrate they care
- A sales team that builds incredible, lasting client relationships

In 1990, Dutch Valley engaged the iCepts Technology Group to analyze, recommend, and implement a strong financial accounting and distribution system. After a thorough requirements analysis, iCepts selected FACTS software from Ape-
rum™ to run on a stable UNIX platform.

"We selected FACTS," recalls Les Adams, President of iCepts, "due to its strong focus on the wholesale distribution industry. It closely matched the requirements and under a UNIX operating environment it would support Dutch Valley's growth for years to come."

"During our thirteen year history together, iCepts has proven to be an outstanding business partner," says Matthew Burkholder. "They support our hardware and software and our companies share common values when it comes to customer service."

The Challenge

As Dutch Valley continued to grow, the warehouse operations staff expanded to thirty-five employees. With only a couple of key people aware of product location and supply, tracking inventory in such an immense facility became a major challenge. Thus, the picking and put-away process was significantly hampered. In addition, the manual processes were a source of picking errors, causing diminished productivity for new employees.

To manage an effective warehouse, measuring productivity on an employee-by-employee basis is important in order to provide incentive compensation to the staff. This was not possible with the systems employed by Dutch Valley. Date sensitivity and stock rotation are basic requirements in the food industry; without an efficient system for tracking locations and expiration dates, increased waste occurred.

"With additional growth forecasted, Dutch Valley made the decision to select and implement a new warehouse management system with bar coding and handheld radio frequency technology," says Burkholder.

iCepts to the Rescue

As their business technology partner, Dutch Valley turned to iCepts to assist them in finding a solution. With FACTS as the backbone of Dutch Valley's financial and order processing departments, seamless integration of the solutions was required.

After extensive analysis and research, iCepts recommended Radio Beacon. Dutch Valley observed several solution demonstrations and made an on-site visit to a similar warehouse. "The solution looked right," says Burkholder, "so we made the decision to move forward."

The implementation and training procedures lasted six months, and while there were a few rough spots in redesigning their business processes, the new solution soon paid for itself.

Tangible Cost Savings

As a result of implementing Radio Beacon and its tight integration with FACTS, Dutch Valley has experienced significant benefits and cost savings. The notable improvements include the following:

- Though order volume has increased by 20%, there has been no subsequent growth in warehouse staff.
- The number of picking and delivery errors, as a direct result of Radio Beacon, has been reduced by 50%. If the cost of each error due to handling, repackaging, spoilage, and added labor were \$100, it would represent an annual cost saving of \$180,000.
- The time to invoice customers has been reduced by one-half day.
- Warehouse efficiency has been increased by a factor of ten due to real-time access to information and optimization of the picking and put-away processes.
- More efficient stock rotation has resulted in less spoilage and discarding of date sensitive items.
- The detection and elimination of 300 slow-moving products each year
- Increased accuracy of on-hand inventory resulting in improved order fill rates
- More effective purchasing through the use of FACTS Standard Usage and purchasing reports
- The ability to track pieces picked per hour by employee and the exact time to pick any specific order

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Dutch Valley estimates the payback period on their \$275,000 investment to be less than two years. "During the first six months of implementation, we questioned our decision. Now we could never live without FACTS and Radio Beacon," says Burkholder. "The system is great and Dutch Valley is now positioned for its next level of growth."



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