

CASE STUDY: PENTEL OF AMERICA

HOW PENTEL GOT GOODS MARKS WITH VENDOR MANAGED INVENTORY



Pentel has been bringing innovation, quality, and value for over 50 years. After all, this is the company that invented roller ball technology and graphite lead. Every Pentel product is manufactured in the company's own factories. And, it's the only writing instrument company to receive the Deming Award for high standards of quality. At Pentel, customer satisfaction is guaranteed – every product is backed with a lifetime warranty against defects in materials and workmanship.

Pentel is also strongly committed to education and the environment, and sponsors numerous educational programs, donates products to libraries and schools and organizations of need, and uses recycled and recyclable materials for its master cartons and blister cards.

CLIENT:

"The minute we saw Park City Group's VMI software, we knew what they had was right for us. There was no need to look at any other solution. Having all our order information in one place gives us visibility into out of stocks and overstocks. Since going live with Park City Group, we've cut our returns in half."

-Steve Koch, Pentel

To find out more about Park City Group solutions, call us at 435-645-2000 or visit us on the web at www.parkcitygroup.com.



CHALLENGE: FORECASTS NOT CLICKING

Pentel and McLane have been partners for a long time. McLane, an industry leader in distribution, services more than 50,000 retail locations and distributes Pentel's products to Wal-Mart. Pentel managed its McLane business manually and the process went something like this: McLane would send an order to Pentel, based on 852 movement data. Pentel also accessed movement data from Wal-Mart through RetailLink®. Pentel would take the information from both sources, cut and paste it into a spreadsheet, generate a consolidated order, and hope for the best.

The process worked, but it wasn't without its challenges. For one thing, product configurations didn't match up. Pentel packages its products in cartons. Once it got to McLane's warehouses, it would be removed from the cartons and re-configured for shipping to Wal-Mart. It was often difficult for Pentel to reconcile what they shipped to McLane with what McLane shipped to Wal-Mart with what Wal-Mart sold ... you get the picture. Quite often, it took longer for Pentel to reconcile the order than to place it; meanwhile, they were trying to get the information necessary to place the current week's order.

Another challenge – Pentel has 17 different distribution centers (DCs) located throughout the United States. Because they weren't sure what product was going to be needed where, Pentel shipped all its products to all its DCs at the same time, even though some are located closer to the manufacturing facilities and docks than others. It would be far better for Pentel to stagger shipments, especially during back to school season, one of the busiest seasons of the year.

SOLUTION: THE SOFTWARE IS MIGHTIER THAN THE HAND

Several years ago, Pentel approached McLane about starting up a vendor managed inventory (VMI) program. They already had responsibility for replenishing orders that weren't always accurate; with VMI, they could now take over the ordering process as well. Pentel had a good reputation with McLane buyers, so McLane agreed to the program. In the fall of 2005, Pentel began generating orders to McLane, but they were still doing everything manually. The company soon began to feel the pressure, and decided it was time to seek out a technology solution.

That's when Pentel turned to Park City Group, a well-established solution provider among McLane vendors. As soon as they saw Park City Group's software in action, they knew this was the solution for them. Here's why: Park City Group stores daily data in the system -- Pentel was entering this data into spreadsheets, by hand, every day. The Park City Group system also allows Pentel to load a week of data so they can see the daily impact of orders against inventory – a view that helps the company stagger shipments to its DCs. And, Pentel can now take suggested orders from Park City Group, McLane, Wal-Mart, and its own analysts; load that data into the Park City Group system; and generate a more accurate order – down to which items should be shipped to which DCs. Finally, Pentel uses the system to easily adjust orders when they have delivery issues or other manufacturing delays.

Park City Group's solution is user-friendly, so training was a snap. Good thing, because Pentel had to learn the system while keeping McLane in stock. Pentel also found PACE, Park City Group's Annual Client Exchange, very helpful for both system training and networking with other companies who conduct VMI with McLane.

RESULTS: PUTTING A FINE POINT ON IT

Better visibility into data; the ability to compare orders and note exceptions; the flexibility to change orders on the fly ... all these Park City Group capabilities have enabled Pentel to reduce out of stocks, ship product more efficiently, and reduce returns.

Since going live with Park City Group, Pentel has cut its returns in half. And smaller returns minimize conflicts between trading partners, thus ensuring a better relationship with McLane. Things are going so well between the two companies that McLane has changed its Pentel buyer three times – they have that much confidence in Pentel's ability to manage the VMI program and keep Pentel products on Wal-Mart's shelves.