

# High-tech arrives at the warehouse

## Systems within reach of small firms

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**T**welve years ago, Harry Eckstein, controller for Blue Star Webbing Corp., computerized inventory records for the narrow-fabric maker that is based in Garden City Park, L.I. He upgraded the system two years ago.

The result? While company sales representatives once spent 20% of their time digging through customer purchase orders, Mr. Eckstein says that's now down to 2%.

"Paper-saving alone is coming out to \$1,800 per month and we're adding almost 20% productivity to our sales help. That means at least \$100,000 a year more net." Mr. Eckstein expects the \$330,000 outlay to pay for itself within 36 more months.

Blue Star Webbing, which had \$15 million in sales last year, has electronically soaked up printouts for five warehouses loaded with fabrics, belts and straps for everything from sandals to dog leashes.

When it comes to using an inventory management system, the future is now. When a company computerizes its warehouse, it can become more efficient at keeping count than stock clerks filling requests and knowing when to reorder. Also, banks that make loans based on inventory as collateral require borrowers to use computerized systems. The price of these packages can make them accessible to even very small businesses.

### Improving efficiency cheaply

A modest retail video store can boost its efficiency with a personal computer, inventory software, a bar code reader and a laser printer to print bar-code labels. The total would run less than \$15,000. Philip Teplitzky, Northeast technology director for System House Inc., a large systems integrator, says that any business with more than a couple of million dollars in inventory needs to computerize its records and apply bar codes to its stock.

At the other end of the spectrum are warehouses of the future such as those of the retailer the Limited, where robots move about the aisles, pulling boxes off racks and on-loading them onto trucks. Such automated routing systems cost millions of dollars.

There are several reasons why an electronic system is superior to manual counting.

It may be all right to replenish inventory by eyeballing whether a dozen or so items have fallen below a pencil mark on shelves. But that becomes unmanageable when a business has thousands of wares.

It's also becoming necessary for suppliers and distributors to be able to fill last-minute requests known as just-in-time orders. Computerized inventory systems produce instant records and clear invoices that let companies handle just-in-times more smoothly. Then there's record-keeping.

### Cuts paper reports

A computer consultant, SMC Data Systems, modified a Daly & Wolcott program that Blue Star Webbing ran on its International Business Machines Corp. AS 400 system. "We used to print about 1,400 pages of three-part reports every day. We may now print that once a week," says Mr. Eckstein. "In six months, when my people are more comfortable, we can eliminate printing all but the basic documents."

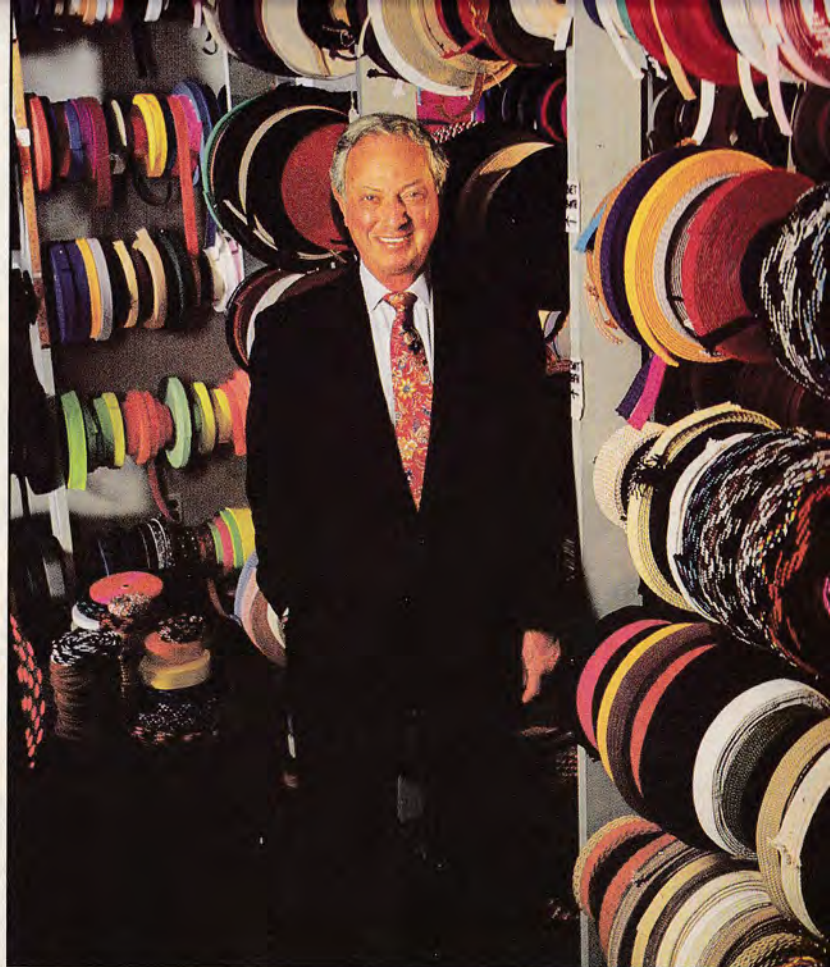
Computers can also track a store's best (and worst) selling items. They can forecast sales. They can help distributors analyze whether the inherent carrying costs justify accepting tempting deals from manufacturers to buy goods before they are needed.

Distributors can use all the help possible, says Doug Willis, who runs IBM's sales to the wholesale distribution industry in the New York area. "Retailers like Wal-Mart and Home Depot use technology aggressively to move their goods. Manufacturers use it to produce at the lowest cost. But many distrib-

## Computer systems can track best—and worst—selling items and help forecast sales

utors' warehouses are completely manual. Or they may computerize their buying, but not their inventory systems."

That can be expensive, not only from an operational standpoint, but when it's time to hunt for credit. Lenders such as MTB Bank specialize in asset-based (including inventory) loans less than \$5 million. Yet, too often



Harry Eckstein, controller of Blue Star Webbing Corp., expects the \$330,000 company's computerized inventory management system to pay for itself within 36 months.

a garment-maker will come into MTB's general manager, Mike Schlegel, and ask to borrow money based on manual accounting records that don't indicate whether finished inventory is fresh or 10 years old. MTB, like most asset-based lenders, requires computer-

free for manufacturers in the computer consultants who \$50,000 or more. Accounting help a company locate profes-

Besides recommending and on computers, consultants e down facelift in company wouldn't recommend that a co inventory management tech ITAC's Janine Daisley, a speci New York manufacturing firm ize. She says consultants sh how to integrate the inventory their accounting methods, pur rules and production control sy-

The whole idea is to rethink. Look at it this way: An electr system lets a small business compete with its larger busine "In the old days, to be success you had to be well-capitalized big factory," says MTB Bank gel. "But with computers, you of space or employees any mor

ized inventory logs as one assurance of updated information.

Before a business owner buys the package that colleagues say they're thrilled with, management consultants suggest hiring a consultant. They can range in price from the non-profit New York City Industrial Tech-nology Assistance Corp. (ITAC), which is still