

CUSTOMER SUCCESS



Tufenkian Carpets Weaves a Superior Warehouse Solution With Sage Software

Tufenkian Carpets appreciates fine craftsmanship. Their success is based on marrying innovative design with traditional handcrafted production techniques—in fact, over 3,000 hours of hand labor are required to produce a typical 9' x 12' carpet. However, as surely as manual processes enhance the quality of Tufenkian's carpets, they were diminishing accounting accuracy for the company.

Although each rug was assigned a unique SKU at receiving, Tufenkian's fax- and paper-based processes could not quickly or reliably track inventory as it moved through the distribution center. Warehouse employees had to print lists and search throughout the facility to find each rug.

There were literally two sides to the problem. In the New York offices, Tufenkian's accounting system wasn't able to handle increasing business volume. Frustrated staff struggled with batch-oriented inventory software that couldn't be customized. Across the Hudson River, in the 40,000 square foot New Jersey distribution center, productivity was plummeting and lost inventory accumulated due to out-of-date, inaccurate paperwork.

Daily orders were still being hand-carried across the river every night from Tufenkian's headquarters in Manhattan to the New Jersey warehouse by an employee returning home from work. The two sides of the Hudson had entirely separate views of stock.

"Some of our carpets weigh more than 150 pounds and they're stacked on pallets, so you can imagine how long it could take to find the one at the bottom of a large pile," explains Eric Jacobson, Tufenkian's chief financial officer. "We had lots of paperwork, but no way to effectively track order status."

Process delays were inherent because employees couldn't directly access inventory data. Workers keyed in information after carpets were picked and shipped, making it possible for the same item to be mistakenly resold.

"Due to time lags in recording carpet movements, having 15,000 unique serial numbers failed to prevent duplicate purchases of the same rug," notes Jacobson. "Even though everybody did their jobs diligently, delays between picking, shipment, and inventory update made for some unhappy sales situations."

Customer

Tufenkian Carpets

Industry

Wholesale/Distribution

Location

HQ: New York, N.Y.

Warehouse: New Jersey

System

Sage Pro 200 ERP

Sage Accpac WMS

CHALLENGE

Tufenkian's manual processes could not effectively track inventory or order status. With productivity plummeting and lost inventory accumulating, Tufenkian decided to automate its manual systems.

SOLUTION

Sage Pro and Sage Accpac WMS ensure complete automation and integration between Tufenkian's financial and inventory systems.

RESULTS

The combination of Sage Pro and Sage Accpac WMS helps Tufenkian enjoy substantially increased sales, decreased labor expenses, and faster order processing and return authorizations.

Handling returns was another major challenge. If a carpet was sent back without proper return authorization or a serial number, it might sit for months in limbo as an "XX rug," before ultimately being restocked and made available for sale again. Tufenkian's sizeable consignment trade with department stores and other home-furnishing retailers compounded this problem. What's more, management was planning to increase consignment business and begin having warehouse sales at remote locations.

"There were more authorized returns coming off consignment and we were also planning on going on the road for warehouse sales which meant moving as many as 1,500 rugs in and out of our facilities at one time," Jacobson points out.

Under the old system such enormous inbound volume would have taken days or even weeks to restock completely. Tufenkian decided to automate its largely paper-based system because productivity and customer service issues were limiting their growth.

Wool & Financial Systems: The Best are Durable, Elastic, and Feel Right

Tufenkian called in Sage Software business partner and consultant Net@Work for help rethinking its financial systems. Net@Work first made sure they thoroughly understood Tufenkian's unique business model. It soon became clear that the rapidly expanding consignment business required a customized approach to inventory. Net@Work recommended Sage Pro accounting software for its flexibility and access to source code. They also recommended that Tufenkian automate its distribution center with Sage Accpac Warehouse Management System (WMS) for real-time inventory management. The business office in Manhattan is now linked to the New Jersey warehouse through a private network.



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Net@Work played a critical role in defining and integrating Tufenkian's approach and use of technology. "With their overall understanding of our processes and the various business solutions implemented, Net@Work quickly recognized that just assigning a unique SKU to each rug was inadequate," explains Jacobson. "The SKU number alone identifies only 20% of Tufenkian's sales; most carpets are selected using general descriptive criteria for identification." With Sage Pro, Net@Work was able to customize inventory attributes so that a carpet can now be tracked as a unique item or as a member of a group.

"Having access to source code with Sage Pro was indispensable for crafting an automated solution that mapped precisely to Tufenkian's preferred accounting and inventory management practices," notes Chaim Cohen, director of consulting services for Net@Work.

Net@Work installed Sage Accpac WMS to manage receiving, picking, and other warehouse functions. Through the use of bar codes and wireless radio-frequency (RF) terminals, Sage Accpac WMS provides real-time quantity and location information. Sage Pro and Sage Accpac WMS capture attribute data (size, weight, color, design) and provide instant verification that the correct rug has been picked. Accuracy at the source eliminates errors that would hinder productivity and reduce customer satisfaction.

With the new Sage Software system, warehouse staff can easily display put-away locations on their RF devices by scanning a pallet label, enabling them to efficiently store and retrieve stock items. Bar code scanning has also improved productivity during physical inventories. Inventory data is directly captured into Sage Accpac WMS as it is scanned, which eliminates after-the-fact key-punching and reconciliation reports.

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“The combination of Sage Pro and Sage Accpac WMS has substantially accelerated picking productivity and increased sales because substituting appropriate items is so straight forward,” explains Jacobson. “Now we can have our carpet and pick it too,” he adds with a grin.

The Rich Texture of Success

Tufenkian was accustomed to having hundreds of thousands of dollars tied up in “rugs returned, awaiting restocking” status. In the year after Sage Pro and Sage Accpac WMS were implemented, Tufenkian went from 150 of these “XX rugs” down to seven. As volume soared, it was possible to reassign half the warehouse staff to other duties and reduce overtime. “Physical inventory used to require assembling all hands on deck—every U.S. employee. Now the warehouse staff can handle it alone,” observes Jacobson.

The time it takes to process an order from receipt to shipment has decreased dramatically. Before the Sage Software solution was installed, orders shipped in a minimum of two to three days—almost all orders take just a day now. “We’ve even added a premium order service that guarantees same-day shipping, which was impossible before,” says Jacobson.

Tufenkian’s dealers are delighted because they receive reliable status information, faster return credits, and more timely shipments. Selling the same rug twice is a thing of the past. The warehouse management solution immediately updates inventory in Sage Pro, so sold items do not appear on order entry screens. Allocated rugs are no longer mistakenly removed from the warehouse for consignment; once an item has been ordered its serial number cannot be scanned into the system again.

“Automated return authorization has been a big win-win,” relates Jacobson, “not just because Tufenkian’s turnaround is faster, but because returning dealers get their credits quicker and the dealer waiting to receive that merchandise on consignment is satisfied sooner.”

The automated technology of Sage Accpac WMS has made put-away and picking of carpets in the warehouse a much less cumbersome process. Immediate inventory updates translate into fewer lost rugs, faster restock, and better inventory control. The overall level of warehouse productivity has doubled since the Sage Software solution was installed. “Net@Work took a real hands-on approach,” explains Jacobson. “They customized the technology to our exact needs.”

Bar coding has all but eliminated manual transcription errors. Before implementing Sage Pro and Sage Accpac WMS, Tufenkian had a full-time “Data Integrity Officer” who ran daily error reports. That position is no longer necessary and the exception report is run monthly. “We thought we had discovered a software glitch during physical inventory. The count process wasn’t detecting bin variances,” recalls MIS director, Ketsia Elie. “We went back and audited the bins manually, but it wasn’t a bug. There really wasn’t any bin variance—Zero!”



Now that the company's financial and operational systems are on firmer footing, Tufenkian is thinking more creatively about business opportunities. "With Sage Pro as a foundation, adding retail stores in under-served markets and expanding our custom creation business should be relatively easy incremental steps," says Jacobson.

"I look forward to working with Sage Software and Net@Work to leverage the power of our integrated accounting and warehouse systems to help take our business in new directions."



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