

## Case Study

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# Kincrome.

Dexion provide tools to increase productivity.





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A purpose-built warehouse, combined with strategic advice from Dexion, has enabled the Kincome Group to greatly improve picking accuracy and increase productivity by 25% – at the same time requiring fewer staff numbers.

Kincrome is a leading wholesale distributor of various brands of hand tools for the Automotive, Hardware and Industrial Markets, supplying product to major retailer stores in this sector, throughout Australia and New Zealand.

The company has regional distribution centres in Queensland, Perth, and Auckland with deliveries to NSW, South Australia and Tasmania managed from the main Melbourne DC.

Prior to the January 2005 move, Kincome’s warehousing operation in Mount Waverley had expanded into adjacent premises, plus a third-party warehouse, in an attempt to cope with the company’s growth.

Spiralling storage costs and the company’s future growth strategy prompted the

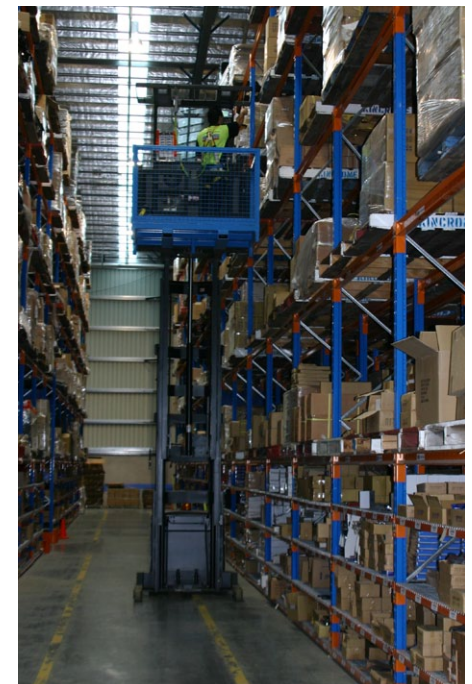
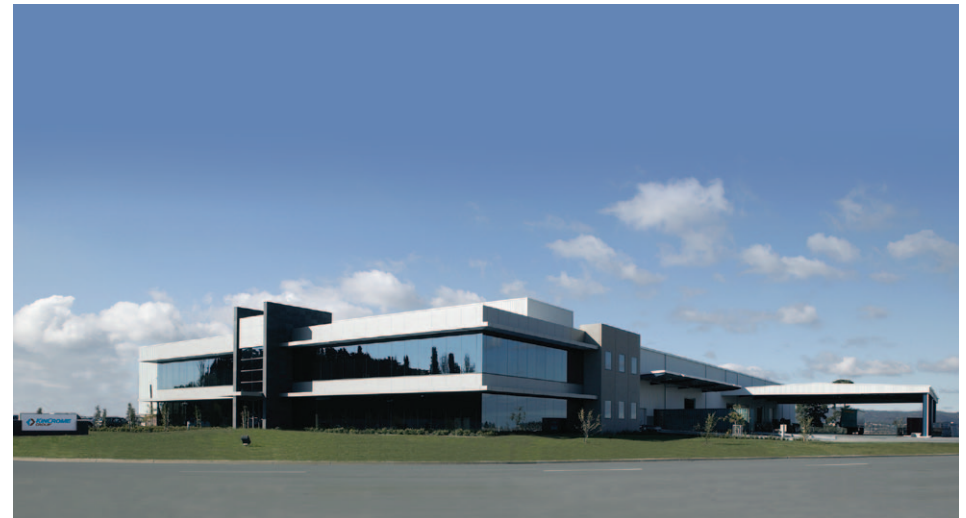
decision to consolidate the operation into one facility.

Once the decision to move was taken, in late 2003, a consultancy period followed where the company talked with property developers and warehouse consultants to ensure the new facility was ideally located and that the size and configuration of would address Kincome’s long-term growth strategies.

Lakeview Drive, an award-winning business park in Scoresby, south east of Melbourne, was chosen; logistically it’s well situated to the forthcoming motorway system nearby, while providing additional space for future expansion.

Kincrome has an option on an adjacent 2 ha block. The building is designed specifically to incorporate, smart technology solutions and leading edge warehouse management systems.

The warehouse and distribution area of 8000 square metres has 8000 pallet positions in Dexion Keylock, plus 4500 pick locations.



“Dexion was a key partner for us playing a crucial role in determining how the warehouse would function.”

It includes technology-assisted picking equipment, conveyor-driven delivery systems and automated invoicing and freight-confirmation processes.

Average turn around for most orders is a day, with up to 300 orders a day despatched; each order averages nine line items. These can vary from a small wrench to a massive tool box.

This flexibility in the picking process is due to WMS (Warehouse Management System) combined with an RF (radio frequency) system to provide realtime data and up-to-date and accurate information.

According to Kinchrome’s Victorian Warehouse Manager Russell West, an efficient warehouse is fundamental to the organisation.

“Kinchrome is in the distribution business,” he said. “We import millions of products every year and it’s up to us to process them through this facility as quickly and efficiently as we can.

“Due to the company’s evolution and phenomenal growth, our previous operation had gross inefficiencies and some sizeable occupational health and safety issues.

“The new facility has provided an opportunity to put in place systems and technologies that not only provide the organisation with a far more efficient warehouse but also a happier and safer work place for our staff,” he said.

An example of this is the 2000 square metre loading area, which is undercover and with receiving docks serviced by four Long Reach extendable conveyors.

“The loading area used to cause us major headaches,” said West. “It could take us up to a day to unload a truck, but now we can unload three in the same time.”

In preparing the design for the warehouse, Kinchrome worked closely with consultants G&M Logistics to ensure it would have a facility capable of managing the demand for product and the company’s future growth strategy.



“From the outset Dexion was very innovative with ideas.”

“We’ve moved away from a pick-and-pack environment, where warehouse staff would work through an allocated order and deliver it to despatch, to a far more technology based picking system,” said Michael Corcoran, Kincrome’s Operations Manager.

“With this warehouse our overall aim is to minimise the movement of product, handle it as few times as possible and process it through the facility as quickly as possible.

“It sounds simple, but it takes detailed planning, the right products in place and complete ownership from our staff,” he said.

“Dexion was a key partner for us playing a crucial role in determining how the warehouse would function.

“From the outset Dexion was very innovative with ideas,” said Corcoran.

“Adam Duncan, Major Account Executive, was terrific; he analysed data relating to fast, medium and slow moving products and suggested the best configuration for

the racking and how to utilise available space taking into account the structural pillars.

“He was even able to show us how the warehouse would look with three-dimensional drawings – a far superior service to their competition.”

Even once the plans had been agreed and signed off, Kincrome had to make changes due to unexpected increases in demand, so more racking was ordered. Although Dexion was wrestling with the national steel shortage, it managed to deliver the additional product without delaying installation.

For Kincrome it was imperative that the installation deadline was met.

“With storage costs escalating we agreed to vacate the old premise by the end of January 2005,” said Corcoran.

“Working hand-in-hand with the Dexion project management team, we were in the new facility on time and didn’t miss a day’s trading.”

