HVACR CASE STUDY

HVAC PARTS DISTRIBUTOR MOVES TO BLUE RIDGE SUPPLY CHAIN PLANNING TOOL AFTER DEMAND COMPLEXITIES OUTSTRIP THE CAPABILITIES OF THEIR ERP

ABOUT

- Wholesale distributor of residential HVAC parts
- Based in the northeast U.S.
- 1 DC and 14 stores/branches

CHALLENGE

- Growth & complexity in supply chain
- Outgrew Epicor Eclipse ERP solution for supply chain planning
- Inefficiency of daily transfers
- Inaccuracy of pre-season buys
- Too much safety stock
- New Item Management
- Managing Hub/Spoke distribution model

RESULTS

- Managing demand volatility with less safety stock
- Reduced inter-store transfers by 30-40%
- Efficiency & accuracy in forecasting seasonal demand
- Improved economic buying power
- Consistent, positive customer experience
- Reduced time spent replenishing by 80%

BLUE RIDGE
FOR A MORE FORESEEABLE FUTURE

> Blue Ridge opened our eyes to the distinct and complex needs of supply chain planning, which big ERP systems were never designed to handle. Our move to a purpose-built solution was a crucial step in growing profitably and better serving our customers, given the steep change-trajectory facing our industry.

Purchasing Manager
HVAC parts distributor

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CHALLENGE: COMPLEXITY TOO MUCH FOR ERP

Blue Ridge was recently engaged by a full-service wholesale distributor of heating and air-conditioning equipment and accessories serving the residential new construction, residential replacement and light commercial HVAC segments in the northeastern U.S. After experiencing explosive growth, the company found that their Epicor Eclipse ERP solution could no longer handle the complexities of their demand planning process.

By nature, ERP solutions over-simplify the intricate processes to conduct supply chain planning profitably. Their capabilities are too basic, typically limited to antiquated min/max or rolling up forecasts from a lower echelon and using that as the signal to the supplier. The company was spending way too much time exporting data from Eclipse into Excel, in an attempt to accurately forecast and allocate inventory, and still coming up short on the balance sheet.

A dedicated Supply Chain Planning tool would make their inter-location transfers more efficient (they had a truck going to each branch daily), as well as make pre-season buys more accurate and reduce the safety stock needed.

SOLUTION: SCALING ECONOMIC BUYING POWER

After evaluating Thrive Technology, the company selected Blue Ridge Supply Chain Planning (SCP), Supply Chain Analytics (SCA), and Multi-Echelon Inventory Optimization (MEIO). The platform's ease of use, coupled with Blue Ridge's solid reputation in the HVAC distribution space, and ability to deliver on promises, were key reasons for their decision.

Blue Ridge's solution delivers highly accurate, efficient recommendations that scale the company's economic buying power, inclusive of all the important factors such as how to optimally fill trucks against supplier constraints like Minimum Order Quantities, building orders to fill a truck, cost-of-service analysis, order cycle optimization, investment buy opportunities and other factors. All within the confines of their unique business process.

RESULTS: ACCURACY, EFFICIENCY, SAVINGS & CONSISTENT CUSTOMER EXPERIENCE

Blue Ridge's transaction-level analytics give them better information faster, so they can make more accurate decisions around forecasting pre-season buys, versus the extensive time it took to manipulate data from a spreadsheet.

In addition, Blue Ridge's advanced forecasting methods have allowed them to reduce the number of inter-store transfers by 30-40% by getting the right product in the right location the first time. Mitigating the need to do costly transfers, the Blue Ridge multi-echelon inventory optimization drives home this point even more by economically optimizing their hub/spoke setup for branch items replenished from the distribution center.

Finally, they are using Blue Ridge SCP's advanced demand classification and seasonal identification functionality to recognize patterns and plan for seasonal demand, intermittent demand, lumpy and slow-moving demand in a manner that significantly reduces the amount of safety stock needed to create consistently positive customer experiences for their highly seasonal business. They are also using New Item Modeling and Linked Items functionality to better forecast new items and alleviate the uncertainty and struggles around managing highly volatile (and profitable) new items.