# Zotos: High-volume beauty

**Over the past several years, the hair care manufacturer his tied its core business systems into a WMS that's allowed it to effectively manage its high-volume shipping operation—and the results have been simply gorgeous.**

BY **BRIDGET MCCREA,** CONTRIBUTING EDITOR

Managing a high-volume shipping operation is no easy task, especially when the warehouse floor in question is a bustling operation where employees not only pick-and-pack furiously in order to meet tight deadlines, but they also make and package the products themselves.

That's exactly what the atmosphere is like at Darien, Conn.-based Zotos International's distribution center, which serves as a finished goods warehouse. "It's a very busy and volatile operation," says Harvey Cohen, manager of information technology for Zotos, a wholly-owned subsidiary of Shiseido Cosmetics.

Specializing in products like shampoo, conditioner,

color, and perm hair care products, Zotos combines LTL, TL, and parcel shipments when delivering the goods to its end customers, which include beauty salons and beauty supply stores. "In some cases we ship directly to the customers' DCs," says Cohen, "and in others we ship right to the individual salons and retail locations."

The bulk of those shipments are being moved domestically, although Zotos does serve an international audience. About seven years ago, the firm's warehouse manager decided the existing warehouse management system (WMS) wasn't meeting the growing manufacturer's volume needs, nor was it organizing shipments effectively.

Zotos' WMS at the time was a bolt-on system that was

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added onto its enterprise-wide IBM MAPICS (now owned by Infor) setup. And while that system allowed the warehouse manager to track the number of daily shipments and pallet loads being moved around, it lacked functionalities and efficiencies that a growing, high-volume shipping enterprise requires.

"We needed a WMS system that could handle TL, LTL, and parcel shipping in very high volumes," says Cohen. "The setup we were using just wasn't working for all of the different types of shipping that we do."

Cohen says Zotos went in search of a WMS that could monitor and track basic functions like the loading and dispatching of trucks, combined with real-time inventory visibil-

ity "at a very granular level." According to Cohen, the latter would allow Zotos to fulfill orders confidently, knowing that the specific hair care products were in stock and ready to load onto tractor-trailers for delivery to the customer.

## HUNTING FOR A SOLUTION
After putting out an RFP and entertaining bids from various vendors seven years ago, in 2005 Zotos found the WMS it was looking for. Cohen says the RFP that stood out was extremely detailed, covered the high-volume aspect of Zotos' operations and the manufacturer's functional requirements in depth, and also laid out the manufacturer's business process and efficiency goals as they pertained to shipping activi-

ties, picking-and-packing, and labor management.

"In the end, RedPrairie scored the highest," says Cohen, "so we went with that solution." The WMS, which was subsequently upgraded in 2009, was installed specifically to manage outbound freight that is moved out of Zotos' DCs as well as to its end customers. "From a model standpoint, we see the WMS as a bolt-on for our core business system," Cohen explains. "MAPICS runs our entire business—from order entry to production."

That core business system "passes off" information to the WMS at two critical junctures: when inventory comes off of the production line and moves into the finished goods warehouse; and when a customer service specialist enters an order into the core system and checks inventory against the WMS.

"We know what we have in stock for any part number or SKU because the two systems are in sync, and because they communicate with each other at those two points," says Cohen. From there, the WMS enables more efficient organization of shipments, and allows



**Boxes of hair care products make their way through Zotos' finished goods warehouse in Geneva, N.Y.**

employees to aggregate orders into as few deliveries as possible.

"We do lot of LTL shipments, and the technology allows us to plan everything out and cover multiple customers that are located in the same geographic region," says Cohen. This function is known as "wave management," in that it allows the company to send out waves of orders that hit several customers in a single shipment, thus saving on labor, fuel, and truck repairs/maintenance.

The WMS is also active on the warehouse floor, where forklift operations depend on its accuracy and inventory visibility capabilities to enable their movements throughout the day. "They can get right to a specific pallet or case, and bring it back to a staging location where the shipment is put together and loaded onto a truck," says Cohen. "The WMS then issues the bills of lading and other paperwork, and a truck is dispatched automatically."

Cohen says that automated process, which involves the WMS and the company's core business system, was designed by RedPrairie and Zotos. "There is no such interface between MAPICS and RedPrairie, but we've designed a rigorous system that gives us control at every stage of the game," says Cohen. "We've been able to ship a larger volume than we've ever handled before, and all without adding additional staff."

## CUSTOMIZATION COUNTS

Zotos' software customizations didn't end with the MAPICS-WMS integration. In fact, Cohen says that manu-



**A batch of Joico salon hair care products are ready to be packaged and shipped out to retail locations nationwide.**

facturer has asked for several modifications since the system was installed in 2005. Those changes don't support Zotos' initial intentions to use the WMS out of the box, says Cohen, whose team learned quickly that no standard software package could meet all of its warehouse management needs.

"Nothing out there could accommodate the tracking of materials that we wanted to be able to track at all times," says Cohen. For example, the firm uses a process called "diversion coding" to combat the inappropriate sales of its high-end products to unauthorized companies or individuals.

"We were finding that our high-end products were being sold in the low-end marketplace," says Cohen. Zotos manages this problem through diversion coding. When an order comes in for such goods, the inventory is picked and sent to a corporate division that puts a secret code on the individual bottles.

The challenge is that the bottles can't be coded prior to shipping mass quantities of the product to the firm's DC because not all bottles in a specific lot are candidates for the diversion coding. "It's a very specific process, and one that brought to light a particular business need that a standard WMS package couldn't help us with," says Cohen. "But other than that, we're using the WMS right out of the box. Ultimately, it's a much better solution that what we were using previously."

Zotos hasn't measured the pure ROI of its WMS investment, but Cohen says the manufacturer's shipping volumes have "gone up considerably" since 2005. Those increases translate into sales, Cohen says, and they have allowed Zotos to meet customer expectations without having to add warehouse staff.

"Without the benefit of a specific ROI matrix, I can say we've gained efficiencies from the software," says Cohen. "It has allowed us to flexibly distribute work to our [truck] drivers, change priorities on the fly, and react to changing business needs." If a large customer has a last-minute order change, for example, and even if the shipment is ready to roll away from the dock, Zotos can switch out the products quickly and remain on schedule.

"Using our WMS, we can make last-minute changes all the way up until the truck leaves the dock," says Cohen. "We've never had that much flexibility so close to the shipment window before."

## THE FOUR-YEAR LEAP

Zotos' upgrade to the 2009 version of the WMS posed a few challenges for the manufacturer, but also gave it cross-docking and other capabilities that it previously lacked. According to Cohen, the upgrade allowed the firm to take product from its production lines and immediately place it on a truck for shipment—unlike traditional cross-docking that enables the movement of materials from one truck to another while both are still at the dock.

"The cross-docking was a great functional addition to our warehouse that was not in the first version of our WMS," says Cohen. The upgrade also helped Zotos stay ahead of the curve, technology-wise, seeing that it was using a four-year-old system that lacked some of the newer WMS capabilities. And while the case for an upgrade was clear, Cohen says the process itself was time consuming and cumbersome.

"We had some difficulties with the upgrade, but we've also had a lot of successes because of it," says Cohen. "Going forward, we're thinking we want to stay closer to what our vendor is doing in the marketplace. We won't upgrade every year, but maybe every other year in order to avoid having to make another big, four-year leap."

To shippers that are considering a new WMS, or an upgrade to an existing system, Cohen says his best advice is to "get in sync with the vendor" and make sure it's aware of the "ins and outs" of your warehouse and transportation operations, as well as your existing, core business computing systems.

"If you want a WMS that's modeled to your satisfaction, you really have to be upfront with the software vendor," says Cohen. "Know whether you have to modify anything before you get into it, figure out how much those modifications will cost, and exactly how those changes will impact the way the software works." □

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