

# Berk-Tek Realizes Significant Results from VMI with Largest Distributor



## Summary

- ▶ Berk-Tek wanted to improve supply chain operations with their largest distributor, Graybar.
- ▶ Graybar recommended Vendor Managed Inventory - specifically Datalliance.
- ▶ Berk-Tek has been able to expand their market share within Graybar with an increase in inventory turns and a reduction in stock outs after implementing Datalliance VMI.

**B**erk-Tek is a unit of Nexans, a global cable and cabling systems industry leader. Berk-Tek manufactures high-performance fiber optic and copper structured cabling products for use in LAN, SAN and data center installations. The company produces over 20,000 different SKUs in three manufacturing plants located in Pennsylvania and North Carolina. In North America, Berk-Tek products are sold primarily through franchised distributors.

## Challenge/Opportunity

Because the data/communications cable business is so competitive, suppliers and distributors are constantly looking for ways to streamline their processes to better address the needs of end customers.

Prior to implementing Vendor Managed Inventory (VMI) with Graybar, one of Berk-Tek's largest distributors, the two companies used a traditional approach to order processing and inventory management. Paul Trunk, Berk-Tek Senior Vice President of Sales & Marketing, states, "When the distributor initiates their own replenishment orders, the process is labor intensive, prone to error, and generally not ideal for a large distributor. Data entry errors can be costly for both us and our distributors - it makes a difference if an order for 600,000 feet of cable is mistakenly placed as 6,000,000 feet."

"We were looking for a way to improve our process to eliminate human error, reduce time and effort for both our distributors and Berk-Tek, and gain better visibility of demand," adds Trunk. In addition to streamlining the replenishment process, addressing these items would improve Berk-Tek's ability to forecast production requirements. Better information would allow them to smooth out demand spikes and improve production efficiency. Forecast improvement is especially important for Berk-Tek, because demand is often project-driven (e.g. construction of a new office building), which creates demand spikes that can be difficult to manage.

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Paul Trunk  
VP of Sales & Marketing  
Berk-Tek

## Why VMI? Why Datalliance?

Graybar was having success doing VMI with other suppliers and recommended that Berk-Tek evaluate using the VMI approach. "Graybar suggested that we consider setting up a VMI process with them, but only if we determined it would also be valuable to us," explains Trunk. Graybar also suggested that Berk-Tek look at Datalliance as a possible solution if they decided to proceed with VMI.

To evaluate VMI, Berk-Tek conducted an ROI study and found that not only was there a good financial case, but there were additional benefits that would allow them to improve trading partner relationships with Graybar and other large distributors. "The ROI was certainly compelling," says Trunk, "but our decision to proceed was also based on strategic advantages we could get from VMI. Like many technology decisions, it was to some degree a 'leap of faith' when we finally decided to dive into VMI."



After a thorough evaluation of the alternatives, Berk-Tek selected Datalliance for a number of reasons. "Datalliance has proven success in a number of industries, most importantly in electrical products," says Trunk. "We liked the idea that Datalliance was a ready-to-deploy SaaS service. This meant that we did not have to install and manage software, or request significant time from our internal IT department. The SaaS model eliminated many of the issues associated with a traditional software implementation and would allow us to get VMI up and running quicker."

Berk-Tek was also impressed with the Datalliance people. According to Trunk, "We found that the people at Datalliance are experienced and 100% focused on VMI. Early on, we needed to be convinced that VMI could handle the project-related nature of our business. Datalliance experts came on site and lead us through the entire VMI process – showing us that they knew their stuff and that Datalliance VMI could handle the full range of our business needs. In the end, it was obvious that Datalliance was the 'best in class' VMI solution that would give us the best chance to realize the business benefits we wanted."

## Results

Today, Berk-Tek is managing inventory for thousands of SKUs at over a hundred Graybar locations, and both organizations are realizing the business benefits of VMI.

One of the most valuable results has been an increase in sales in just one year. "We have experienced a significant increase in sales, and I attribute this somewhat unexpected increase, in large part, to our use of VMI," states Trunk. "At the same time that we were increasing sales, we also enhanced our market share within Graybar by increasing the number of active SKU's over 18%. Inventory turns improved nearly 30% and stockouts were reduced to an all-time low of 3.1%. Which tells us that VMI is helping us to run our business more effectively. We are extremely happy with these results in such a short period of time."

Where Berk-Tek once had from seven to nine inside sales people supporting Graybar, both organizations now have a single point of contact, which greatly streamlines the communication process. Berk-Tek's inside sales people now spend the majority of their time dealing with strategic issues such as new product introductions, helping with inventory transfers, etc. rather than reacting to expedite requests and fixing order errors.

Both parties now have a wealth of data and tools to support collaboration. Lisa Taranto, Berk-Tek S&OP Business Analyst and the person directly responsible for the VMI process, provides an example, "We now have a process where Graybar sends us what we call a 'project feedback form'

when they learn about a significant project. We make simple adjustments in Datalliance, and our replenishment tracks right along."

Commenting on the SaaS approach with Datalliance, Taranto says, "Implementing the Datalliance VMI service has been a breeze compared to systems projects where we had to install and set everything up ourselves. Another benefit of Datalliance is that it is enhanced several times a year with no effort or disruption on our part at all. New capabilities are available instantly – it's great!"

Taranto has also been extremely pleased with Datalliance customer service, "Datalliance VMI is a complete service, much more than just a computer system. The people aspect of the Datalliance service is what really sets it apart. Working with Datalliance Customer Care has been the best customer service experience I've ever had, personal or professional. Datalliance support people are extremely responsive to requests, professional, personable, and very knowledgeable."

Summarizing the strategic benefits of VMI, Trunk says, "VMI has definitely helped to further solidify our relationship with Graybar. They've trusted us to manage their inventory and have been very pleased with the result. Based on our results from VMI, we're now making plans to expand our deployment to more distributors as soon as possible."

## About Datalliance

Datalliance is the world's largest independent VMI service provider. Delivered as a managed service via the Internet using the "Software as a Service" (SaaS) model, Datalliance VMI makes it easy for suppliers and their customers to establish effective VMI relationships that fully align business objectives, improve collaboration, and streamline supply chain operations. For more information about Datalliance and VMI, please visit: [www.datalliance.com](http://www.datalliance.com).

### Results from VMI:

- Sales increased "significantly" in first year
- Number of SKUs carried by distributor increased nearly 18%
- Inventory turns increased nearly 30%
- Stockouts decreased to all-time low of 3.1%
- Better demand visibility helping improve production planning



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