



## Pacific Steel

VALOGIX® MultiLINK Inventory Planner Helps Steel Service Center and Scrap Metals Recycler Reduce Expenditures and Overhead

*“In today’s markets, it is imperative that we monitor and control our inventories as tightly as possible. If we don’t, we’ll miss major opportunities in the future.*

*Valogix has helped us significantly reduce our costs and improve our productivity, giving us the ability to prepare for whatever comes our way.”*

Dave Richards, CIO  
Pacific Steel &  
Recycling

### Quick Facts

#### Company

- Name: Pacific Steel & Recycling
- Location: Great Falls, MT and 35 branch locations across Intermountain Northwest
- Industry: Wholesale distribution
- Products and services: Steel Service Center and Scrap Metals Recycler
- Items in inventory: 88,000
- Web: [www.pacific-steel.com](http://www.pacific-steel.com)

#### Challenges

- Standardization of purchasing practices
- Visibility of on-ground inventory
- Accurate forecasting and planning at 38 locations

#### Objectives

- View inventory across all branches to reduce new buys and inventory levels
- Streamline purchasing processes to reduce planning time

#### Software Solutions

VALOGIX® MultiLINK Inventory Planner

#### Why VALOGIX

Initial pilot program demonstrated a very fast, significant ROI and on-going cost and productivity savings

#### Benefits

- Estimated cost savings of 25-30% the first year by doing branch transfers
- Visibility to all branch inventory resulted in reduction of inventory by 23% in pilot program
- Increased productivity by reducing planning time 200 man hours per week (70%)
- Identification of \$1.49M in dead inventory allows for further reductions in inventory
- Detection of \$935,000 in excess inventory mitigates future buys
- Return on Investment in less than three months

#### Previous Environment

- JD Edwards Enterprise One for business management





*“Because VALOGIX MultiLINK Inventory Planner automatically identifies items to be reviewed and purchased on a daily basis, we have reduced the amount of items we review from thousands to hundreds.”*

Dave Richards, CIO  
Pacific Steel and Recycling

### Multiple Locations Creates Multiple Challenges

Pacific Steel & Recycling is the Intermountain Northwest’s largest steel service center and scrap metals recycler and is a 100% employee owned ESOP corporation. In business for more than 100 years, Pacific Steel has thrived by catering to its customers’ needs.

In the volatile commodity environment, Pacific realized it was critical to minimize its inventory investment while maximizing the benefit of stock already on the ground within its branches. Their goal, in addition to stock optimization was the standardization of processes and procedures across all branches by utilizing Best Practices in its inventory management efforts.

Pacific is headquartered in Great Falls, MT and has 38 branch offices in Washington, Idaho, Utah, Nevada, Wyoming, South Dakota and Montana. Despite a prolonged effort to implement JD Edwards’ DRP across five central warehouses in support of the remaining branches, the results were never what was desired or expected.

*“It was obvious we needed to streamline our purchasing processes,”* says Dave Richards, CIO at Pacific Steel. *“Our branches needed easier, more efficient methods of viewing each other’s inventory supply and demand., and we needed forecasting system that could pinpoint the items warranting our buyers’ attention.”*

### High Impact Results Means Further Implementations

Working with their JD Edwards support partner CD Group, Pacific Steel undertook the implementation of VALOGIX® MultiLINK Inventory Planner to address its unique inventory planning challenges. After implementing Valogix in three branches in early December 2008, Pacific Steel realized such significant benefits that it lead to a full implementation at the remainder of its 35 steel branches just a few months later in February 2009.

*“We needed a more comprehensive forecasting and planning tool that could narrow down the number of items warranting our buyers’ attention,”* notes Dave. *“Because VALOGIX automatically identifies items to be reviewed and purchased on a daily basis, we have reduced the amount of items we review from thousands to hundreds.”* Dave estimates this savings will equate to approximately 200 or more man hours per week (more than \$250,000 per year).

In addition to the productivity savings by the reduction of time spent on purchase orders, buyers now have more visibility to inventory across the branches. They review excess inventory reports regularly and fill inventory gaps across their branches by inter-branch transfers rather than new buys. The system alerts notify buyers when a product needs to be ordered, saving an estimated 25-30% in spending in the first year.

### Pilot Program Points to Major Savings

In the initial implementation of three branches, the inventory investment decreased 23% and excess inventory levels were reduced by \$935,000. The ability to standardize departmental processes was quickly realized, with the effort to create purchase orders and stock transfers decreasing as much as 70% at the branch level. The system also identified nearly \$1.5 million in dead inventory.

After only a few days into the pilot, it was clear that VALOGIX was taking Pacific Steel in the direction they wanted to go. The buyers had the information they needed to make their purchasing decisions and they’ve been able to drastically reduce new buys by doing inter-branch transfers. The improved forecasting capability and standardized buying processes allowed Pacific Steel to take positive measures to manage inventory levels in line with their corporate goals. *“The whole purchasing process is not only more efficient, but is giving us better results,”* adds Dave.



[www.valogix.com](http://www.valogix.com)

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