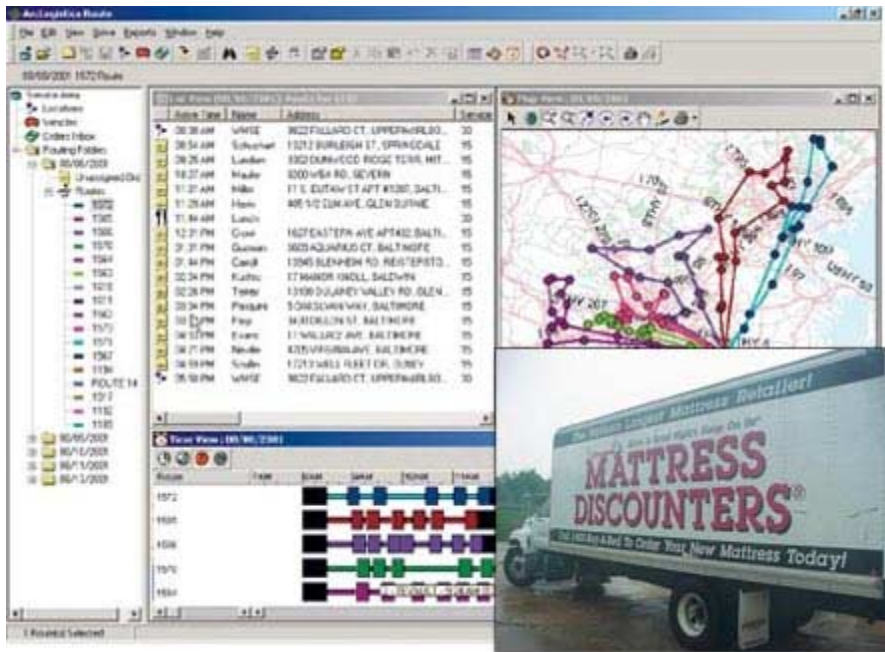


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Mattress Discounters Powers Operational Improvements with ArcLogistics Route

Mattress Discounters, the nation's largest mattress retailer with 302 retail stores in 14 major markets throughout the United States, was faced with the challenge of keeping pace with customer delivery demands fueled by their rapid growth. The management of Mattress Discounters asked themselves, how do we efficiently deliver more and more bedding products each year to our customers while sustaining our historically high levels of on-time delivery performance?

Pete Lundien, national director of operations for Mattress Discounters, took on that challenge with a vision to grow the Business, improve service, and lower cost--all at the same time!



ArcLogistics Route helps Mattress Discounters deliver a better night sleep.

Even broken down into daily increments, the challenge faced by Mattress Discounters management is a daunting one considering the sheer size of the current operation. On a typical day, the company makes well over a thousand home deliveries from each of its 11 distribution centers strategically located throughout the United States.

Lundien felt there would be significant benefits to be gained if Mattress Discounters could automate the designing and scheduling of customer delivery routes at each distribution center across the system. "My first priority," says Lundien, "was to replace the outmoded way of manually assigning routes and eliminate the hours my fleet devoted each day to sorting delivery tickets and sequencing their stops before leaving the warehouse. But, even more importantly, I wanted to make sure we were making the best and most efficient use of the vehicle assets at our disposal. To meet the objectives, I needed a way to be sure that our trucks are full, that we are putting the right deliveries on each truck, and that our drivers are delivering them in the optimal sequence."

As the search for a strategic solution began in the summer of

1999, it was Wayne Schuchart, the chief information officer for Mattress Discounters, and Mike Mauler, vice president of distribution, who began a dialog with ESRI's Washington, D.C., office. "Our operations team told me they needed to automate our delivery routing and scheduling process," says Schuchart. "I needed to find a system that could import delivery information from and integrate data back to our other systems. I had some knowledge about ESRI and their reputation in the marketplace, so I figured that was a good place to start."

After learning more about ArcLogistics Route, Schuchart was able to determine that ArcLogistics Route software's basic application would integrate seamlessly with Mattress Discounters' new enterprise resource planning (ERP) system. Finally freed from concerns over year 2000 issues, which delayed any new software purchases, Mattress Discounters purchased the first copy on a pilot basis for their Upper Marlboro, Maryland, headquarters in the spring of 2000. Shortly after the success of the pilot was confirmed, Mattress Discounters developed a plan to implement ArcLogistics Route across its network. Recognizing that ESRI relies on Business Partners to provide installation and training services for ArcLogistics Route, Mattress Discounters then chose Pathfinder Logistics Solutions, a transportation and logistics consulting firm and ESRI Business Partner located near Philadelphia, to assist with implementation.

"We developed a training program tailored to Mattress Discounters needs that could be applied to any of their 11 distribution centers," says Sean Carroll, a principal in Pathfinder. "In addition to on-site training, we were able to provide quick responses to follow-up issues, which is so critical to a successful rollout."

The software at each location runs on conventional desktop personal computers equipped with Pentium II or III grade midrange processors, 128 MB RAM, and 17" monitors. At

each location, ArcLogistics Route is set up to automatically import customer delivery orders into routing folders by date, so managers are able to gauge delivery volume in advance. Then, as each day is closed out, the delivery manager electronically builds routes and prints delivery manifests for their drivers along with management reports that provide key metrics on on-time performance, miles, overtime, etc. Finally, Mattress Discounters exports the results back to their ERP systems so that routing information is universally available throughout the company.

"The results have been outstanding," Lundien says.

"ArcLogistics Route allows our delivery managers to do away with the manual steps needed to develop a route, which significantly reduces their paperwork and, most importantly, enables them to more closely manage delivery costs. Three months after integrating the ArcLogistics Route pilot program at our Headquarters Distribution Center, driver overtime was measurably reduced, delivery costs as a percentage of sales dropped, and we can credit annual savings in the \$100,000 range--just at this location. This short-term reduction in costs at this one location is enough to provide a payback for the entire project."

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October 9, 2001