

CASE STUDY

Lionel Pumps Up Process Efficiency, and Productivity

A Paccurate Success Story.

Paccurate Maxes Out ROI for Lionel

CHALLENGE

Lionel LLC—the beloved North Carolina-based maker of model trains and authorized distributor of branded NASCAR replicas—had its fulfillment work cut out for it during the year-end holiday season.

The omni-channel firm sells thousands of products direct-to-consumer via phone and online channels such as The Lionel Store and lionelracing.com. It also fulfills orders for dozens of distributors online and at brick-and-mortar retailers, including Amazon, COSTCO, Target, and Walmart.

From September to October, their 150,000 square-foot fulfillment warehouse in Concord, North Carolina, was blazing, running full tilt to bulk ship to mass retailers who were stocking up, especially on trains for in-store and online shopping. From November to the end of December, the second wave of business-to-consumer fulfillment kicked in, as consumers sought holiday-specific gifts and deals during prime sales periods and promotional days like Black Friday.

“We get 1000-2000 direct-to-consumer orders per day in November and December,” said Lionel CIO Rick Gemereth. “We pretty much had to triple our warehouse staff with temporary employees, running two 10-hour shifts. But we found inexperienced hires were trying to ‘best guess’ the right box size. We wanted to find a way to take the dimensions and weight of our product, pack it in the optimal box, use less packing, and take the guesswork out of it. We stepped back and asked: How can we improve the efficiencies?”

**Lionel didn't just
reduce headcount
and freight costs,
they achieved a 100x
ROI.**



SOLUTION

Lionel uses Oracle NetSuite ERP, and fellow Oracle NetSuite users recommended Paccurate, recalled Gemereth. “We had a great conversation with Paccurate about how the API works. Having the product running inside our Oracle ERP was certainly very appealing to us... so we’re not trying to recreate anything.”

Gemereth and his team used Paccurate to assist their seasonal and regular workforce by implementing with a NetSuite module that cartonized orders as they came into the warehouse and generated a packing slip with packing instructions.

“Those Paccurate guys are a heck of a lot smarter than me when it comes to writing algorithms. We told them what we wanted to do. Their customizations helped build it out the way it would work best for us. They have been a great partner, very responsive to our needs. Both the seasonal and regular warehouse employees love Paccurate because it removes the guesswork. It tells them the box size and what components and items to put into a box. It makes things much more straightforward.”

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The Paccurate ROI

Rick Gemereth and his team at Lionel kept an eye on how Paccurate was affecting operations and costs, but it wasn't until the end of their first year of usage that they added up all the numbers.

RESULT

Gemereth helped Lionel to rein in their seasonal order waves by integrating Paccurate into their fulfillment portion of the order-to-cash process, just before orders are picked and shipped enabling Lionel to:

10%
Savings on parcel shipping costs

- Handle a 20% increase in outbound seasonal B2C traffic without hiring additional workers
- Reduce the average per-package billable weight by 4.5 lbs
- Reduce annual small-package freight costs by \$42,000 YOY - a 10% drop, despite an increase in orders fulfilled during that same period
- Reduce packing station labor costs (headcount dropped by one in Q4 2020, at a rate of \$16-\$17/hour across 50-hour weeks)
- Achieve a staggering 100x ROI on their Paccurate investment over a period of 18 months

20%
More labor efficiency

“The cost-to-value ratio is off the charts. I’ve never seen anything like it,” Gemereth observed. And he is pleased with the flexibility Paccurate provides—even factoring in exceptions, like ship-alone items and customers who want one shipping box per order.

100x
Return on investment

Known for his innovation internally at Lionel, Gemereth and his group now use Paccurate year-round and continue to find new ways to improve efficiency, reduce costs, and process orders more quickly through the system and pack stations.

He is now planning to double down on his use of Paccurate. His next project: Remove the packing and shipping stations from Lionel’s fulfillment mix, automating more of their process.

“We’ll know the box space and boxes we’ll need beforehand,” he explained. “We weigh the package contents and generate the picking ticket. The ticket then goes back to our Descartes system, which takes Paccurate information (box dimensions and combined item weight) and goes back to FedEx for a shipping label and tracking label. The guy or girl going to pick the order will pick it, pack it, and ship it in one step.”

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NEXT GEN PACKING CONTROL

Not all cartonization engines are created equal. Paccurate considers disparate factors like negotiated rates, material cost, and labor to determine cost-optimal packing solutions, in real time.

If you want to see how Paccurate can help your company achieve savings like Lionel, book a demo at paccurate.io.

