

Thrive Technologies Case Study



Thrive Optimizes Matco-Norca's Inventory

Matco-Norca began in 1952 as the pioneer import distributor of plumbing products. Since then, Matco-Norca has grown to become a leading supplier of globally sourced, code compliant Plumbing & PVF (Pipe Valve and Fittings) products for residential, commercial and industrial applications. Throughout the years they have established themselves as a leader by stocking a broad product line that boasts superior quality and value for their customers.



Agility, responsiveness, and high customer satisfaction are key tenets of Matco-Norca's success. Matco-Norca constantly introduces new products to meet upcoming market requirements. This adds to an already broad product offering. As part of their ongoing commitment to high customer satisfaction, Matco-Norca strives hard to keep products in stock that their customers want. They respond quickly to customer demand from their national distribution centers in New York, Texas, California, and Georgia; and from regional warehouses in Chicago, Denver, Dallas, Tampa, and Sacramento.

The Challenge

One of the challenges Matco-Norca faced as a leading importer of plumbing materials was lead times of three months or longer. Combined with strong seasonal demand and twelve thousand stocked items, the long lead times made inventory replenishment challenging to say the least.

"We often stocked out of seasonal items due to inadequacies of our ERP system."

John Grasso
VP of Operations
Matco-Norca

"We often stocked out of items in season due to inadequacies of our ERP system. The ERP system we use employs a moving average to calculate inventory buys. So it uses the sales numbers of prior months (when we were not in season) as our forecast and repeatedly did not buy enough for our upcoming seasonal demand," says John Grasso, Vice President of Operations.

"With lead times like ours, we can't afford to buy the wrong quantities because it will be several months before orders we place now get here."

"Matco-Norca required a robust demand and supply planning tool that would be suitable for a business with seasonal demand patterns, long lead times, many suppliers and multiple distribution centers."

The Solution

To address these challenges, Matco-Norca began the search for an advanced inventory forecasting system in January 2008. “We looked at several vendors but in the end we chose Thrive not only because their solution addressed our specific challenges but because they understood our business and had experience in our space. We also wanted a company that would partner with us to help us continually improve our supply chain processes,” states Grasso.

“We really liked Thrive’s Software as a Service (SaaS) model. That way, the vendor takes on the responsibility to set up and maintain the servers, operating system, and database in addition to their application. Our IT staff doesn’t get burdened with another system to maintain and we can focus on our core business.”

The Implementation

One of the first processes in the implementation was setting up the automated interfaces from the ERP system to Thrive’s system so that Thrive is constantly updated with appropriate inventory data like inventory balances, open orders, etc.

“The current version of our ERP system does not have a database or a good export utility so we really relied on Thrive’s technical staff to make it happen. Thrive did a tremendous job developing custom interfaces for us,” says Grasso.

“Every day I get an updated overview of inventory position so that I can manage trends and drill down into any issues. Thrive’s system crunches all the numbers overnight and in the morning the buyers have an organized efficient workflow of vendors PO’s they need to place as well as alerts for items that are stocked out or that might stock out soon.”

The Impact

Matco-Norca has seen significant benefits from implementing the Thrive system.

1. After 14 months of using the Thrive system, **Matco-Norca has reduced inventory by 30%**
2. **Matco-Norca improved line fill rate by 8%** meaning they are now more accurately stocking the products that their customers want to buy
3. Seasonal forecasting has been significantly improved which has reduced stockouts during heavy seasonal demand periods
4. Thrive’s system has increased Matco-Norca’s customer service by facilitating optimal inventory policies for different types of inventory. This ensures the most important items are always in stock
5. Matco-Norca has become more agile and can adjust inventory to respond quickly to changes in demand
6. A key vendor lowered lead times by 10% because Matco-Norca can provide 12 month projections of purchases supplied by the Thrive system
7. Matco-Norca management has gained better inventory intelligence and ability to monitor trends against key performance indicators (eg turns, fill rates) from Thrive’s analytics and reports
8. Freight costs paid by the company for shipments to customers went down because Thrive keeps inventory in stock at the warehouse closest to the actual demand rather than filling orders from warehouses that are farther away, as was often done previously

About Thrive Technologies Inc.

Thrive Technologies is a leading provider of advanced replenishment and inventory performance software for distribution intensive companies. Thrive's proven products have provided over 80 companies the ability to set strategic customer service and inventory profit goals, which the software translates into optimized daily vendor line buys. Thrive's browser-based software is easy to use, and integrates quickly to existing enterprise software. Thrive's implementation staff has strong domain expertise in the area of advanced replenishment buying for distributors. For more information, visit Thrive on the Web at www.thrivetech.com.

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