Case Study

Online Retailer Reaps Rewards Of Technology

CableOrganizer.com has maintained rapid growth by reinvesting in infrastructure.

by Brian Albright

The recent recession has been hard on retailers of all types. While many have been left scrambling as consumer confidence and spending plummets, a few hardy businesses have taken the time to reinvest in their operations during the downturn and are now reaping the benefits.

One of those is electronics e-tailer CableOrganizer.com, a business that began in a garage eight years ago and has reached annual revenues of $14 million in 2009, a 7% increase over last year. In fact, the company has improved its performance all around with an order intake increase of 8.19% and a 30.51% increase in unique monthly site visitors.

One key to the company's success has been an effort to constantly improve both the website and internal operations, which has meant a healthy investment in new technology, says Paul Holstein, founder and COO at CableOrganizer.

Among those IT investments are an upgraded ERP (enterprise resource management) system, a new bar code tracking system for the warehouse, and an improved inventory counting process. The company's website has been enhanced with geolocator technology (so that local customers can have items shipped the next day at no additional cost), an improved image viewer and a "live chat" function.

Bar Codes Speed Warehouse Operations

At the core of CableOrganizer's business infrastructure is a highly customized order management solution from Stone Edge Technologies. "We've integrated a three-way match for accounts payable, and created a receiving program with bar code scanning. The solution is SQL-based, so you can create new tables that aren't in the original database and write your own programs," Holstein says.

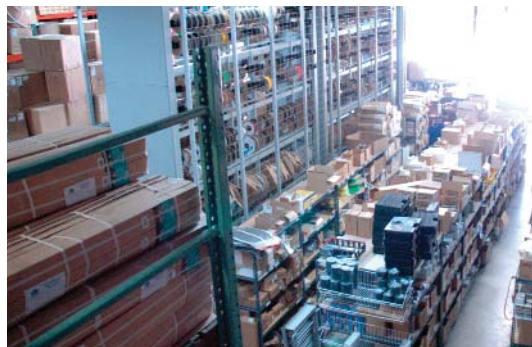While the company has used bar coding for its outbound shipments for years, the new receiving system was put in place just six months ago. By scanning the purchase order number on incoming shipments, employees armed with wireless Metrologic bar code scanners can automatically pull up all locations within the warehouse that hold that particular type of inventory.

"The employees can go check to see if there is room in those locations," Holstein says. "If there's not enough room, you find some empty space and plug that location into the scan gun." The system prints out location labels (using Zebra Technologies RW420 mobile printers) and updates the ERP system with the location and inventory information.

Employees also use the scan guns for the inventory counts. "They press a button, enter the counts, and if the count is right, they move on to the next location," Holstein says. "If it's wrong, they are prompted to recount. If it's still wrong, then the manager gets a report. He makes a third count, and then enters any adjustments that have to be recorded."

CableOrganizer has adopted an "ABC" approach to cycle counting, which has helped them avoid the hassle of shutting down the warehouse to do annual or quarterly counts. Items are divided into three categories (A, B, and C) based on purchase volume. The bar code data helps the company automatically compile daily inventory counts. Physical counts are conducted based on volume (A products are counted once per month, B products once per quarter, and C products once per year).

On the outbound side, CableOrganizer uses barcoded pick tickets to guide the picking/packing process. "Our scales are integrated with the system, so we automatically enter the weight, send an email to the customer with their tracking number, and charge their credit card," Holstein says.

Homegrown Technology Contributes to Growth

CableOrganizer has also innovated from within by developing its own technology tools. One example: a precognitive search solution that the company created to help potential customers better find the items they are

CableOrganizer.com scaled from shipping 100 orders per day to more than 350 using bar code technology.

looking for when they land on CableOrganizer's home page via a Google search.

Holstein's team developed the system when he realized that, although 70% of the company's customers arrived on the site via a Web search, those users often landed on the home page instead of on the specific category page for which they were looking. "If someone was searching for a label printer and clicked on the link, they came to our homepage," Holstein says. "There were no label printers there, but we have a whole dedicated section of the site just for label printers. I knew I couldn't control the organic search results, but I could control what they saw when they got to that page."

The company developed a precognitive search system, leveraging their Endeca On-Demand site search system from Thanx Media, that captures the customer's referring domain and relevant keywords, and uses them within the site search function to populate a frame on the homepage with the correct products.

"We saw improvements on the order of a 20% jump in conversion rates because of the precognitive search," Holstein says. The company has a patent pending on the solution and plans to make it available to other companies in the future.

Holstein credits the investments the company has made in maintaining and upgrading its technology infrastructure as a primary enabler for the steady growth CableOrganizer has experienced. "All of this technology has allowed us to grow," Holstein says. "When we moved into our current facility five years ago, my warehouse manager told me that 100 orders per day was our limit. I couldn't believe that. That's when we came up with the bar code system for packing. Had we not done that, we'd still be operating under the impression that all we could do was 100 orders per day. Now, we regularly ship 350 orders a day out of this warehouse." ■

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