



## Case Study

# SWEET SOLUTIONS

A leading candy maker's distribution center achieves award-winning performance and operational excellence with the help of Exel.

Consumer

### Challenge

Achieve goals set by a global supply chain transformation program:

- Identify operational improvement opportunities
- Increase distribution center productivity and accuracy
- Enhance already high levels of efficiency

### Solution

Boost performance through a detailed understanding of the customer's operations and strategic initiatives:

- Continually monitor and improve processes
- Leverage real-time communication technologies
- Foster a management culture that encourages creative thinking and contribution of new ideas and solutions at all levels

### Results

 Inventory accuracy

 Profitability and productivity

 Cost of operation

 Paperwork and down time

 Wasteful procedures

 Associate turnover

Good partners listen when you call on them. But the best partners are already tuned in to your needs — and ready to act before you ask for help. It's that kind of relationship that helps you grow, even in challenging times. That's why so many manufacturers are looking for proactive logistics partners to help them navigate increasingly competitive markets, internal cost-cutting measures, and wildly fluctuating customer demand.

Since 1999, a leading candy producer has relied on Exel to run its regional distribution center — the company's largest in North America. When the center and its associates were challenged to boost performance as part of a three-year, company-wide internal transformation effort, Exel responded with a series of performance-enhancing initiatives that exceeded already-high standards. The solutions showed how Exel's people, processes, and knowledge of the customer's world lead to serious business results.

#### → The Challenge

Serving some 1,600 retail locations, the company's 1.2 million-square-foot distribution center is a busy conduit of goods to its priority markets. In addition to the distribution operation, the facility houses two pick tunnels for case handling and a 167,000 square-foot area where product is repackaged for merchandising and promotional displays. The center is located near five of the company's manufacturing plants, which helps keep freight costs low and response time to retailers high. With co-pack operations located in-house — a unique feature of Exel's distribution center solution — the company was already realizing savings over an off-site alternative.

To ensure quality and inspire the facility's 600 full-time associates, Exel had already engineered standards and a series of self-funded, performance-based incentive programs in 2002. And those initiatives had resulted in 100-percent-plus productivity and an inventory accuracy rate of 99.9 percent. When the internal transformation goals were announced in 2007, Exel's culture of operational excellence and continuous improvement allowed the company to quickly identify and implement additional efficiencies.

#### → The Solution

Exel boosted the company's performance by enhancing operational communications and visibility throughout the facility. At the heart of the effort was a series of workshops, strategies, and tactics driven by Exel's unique First Choice program. A companywide effort, First Choice benefits Exel clients by motivating and empowering associates at all levels to constantly seek ways to innovate, improve, and provide the highest levels of service and quality.

Exel conducted staff workshops, implemented performance-management campaigns, and created quality programs to more consistently align the operation to business and associate objectives and customer satisfaction targets.

In partnership with the client's management team, Exel continues to hold regular roundtable meetings with associates from each shift, both in the distribution center and in the co-pack areas. "We discuss anything they want to talk about," says Exel's Wil Richardson, general manager of the distribution center. "We look for their feedback as well as suggestions for improvement. After the meetings, we post all of the questions raised with the answers — in four languages."



Consumer

### Sweet Solutions

**“Over six years, productivity has gone up about 71 percent. We rely heavily on Exel to come up with new ideas that would benefit the operation.”**

-Client director of distribution and transportation

**“The dedication and motivation of the associates who work here is exceptional. The facility boasts an attendance record better than 99 percent and an annual turnover rate of just 7 percent, all of which exceeds industry standards, drives a higher quality of service, and improves efficiency.”**

-Wil Richardson, general manager, Exel

**“[This company’s] supply chain program is resulting in a flexible, global supply chain capable of delivering the retailer’s brands in a wide range of items and assortments, across the retail channels in the company’s priority markets.”**

-Leading supply chain trade magazine

The workshops do two important things. They foster two-way communication between associates and management, which generates ideas for reducing cost and increasing productivity. And when those ideas are applied, Exel’s real-time tracking technologies show associates and management the business impact of those discussions and management, which generates ideas for reducing cost and increasing productivity.

### → The Results

Even with an already impressive track record operating the candy maker’s distribution center, Exel found ways to uncover new efficiencies, enhance systems, and empower associates to be drivers of continuing quality improvement. “We’ve implemented many suggestions that came out of the processes,” Exel’s Richardson says, “so our associates know their ideas are taken seriously. That goes a long way in delivering a client relationship that is always service-focused.”

For example, an associate pointed out how much time was being lost waiting for paperwork at the office between loading and unloading the trucks,” Richardson recalls. “We modified the WMS so he could get the information right on an equipment-mounted terminal. Now he’s able to pick more freight and earn more money.” The solution saves wasted paper and approximately 73 days of inefficiency over the course of one year.

Further, a recent associate opinion survey, part of Exel’s First Choice initiative, revealed that the distribution center’s associates are “very satisfied” with their jobs, which leads not only to better performance, but additional dialogue, and, ultimately, that critical combination of higher profitability and reduced costs. The site’s productivity, measured in case throughput per hour, is the highest in the company’s distribution network. Quality at the site now rates 22 percent above goal.

The site’s efforts captured the attention of a leading supply chain trade magazine, which awarded the distribution center its first award for excellence in warehousing and logistics. That kind of recognition only sweetens a partnership that’s generating sustainable value and performance for the retailer, its associates, and shareholders alike.

“When associates own a problem, at any level, and are rewarded to find better ways to do things, the results speak for themselves.” says Richardson. “That’s what First Choice is all about.”



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