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January 2011 | List all DC Solutions articles

Unleashing Logistics Excellence

by Lisa Terry

Dogged pursuit of supply chain and warehousing efficiency led pet food manufacturer WellPet to partner with two 3PLs.



Natural pet products company WellPet describes its approach to pet nutrition as “passionately picky.” The Tewksbury, Mass.-based manufacturer selects nature’s finest ingredients and combines them in exact proportions to support pet health and well-being. So it’s no surprise that the company brings those same high standards to logistics.

WellPet traces its roots to A. Hubbard and Sons bakery in Gloucester, Mass., makers of hard tack sea biscuits. One day in 1921, a local sailor threw a biscuit to his dog, who happily gobbled it up, and soon the Old Mother Hubbard pet biscuit company was born. In the 1960s the brand went all natural, and in the 1990s a team of animal nutrition experts, veterinarians, and scientists took it to the next level by using only carefully selected, authentic ingredients from trustworthy sources with an ideal nutritional balance.

Today, WellPet offers four premium pet food brands: Wellness, Old Mother Hubbard, Holistic Select, and Eagle Pack. Customers range from veterinary offices and boutiques to large national pet specialty retailers including Petco and PetSmart.

As WellPet embraced its core competency as a maker of nutritionally sound dog and cat food, the company also acknowledged that logistics was not its focus. “We recognized years ago that a lot of work goes into logistics management, and as a small company we could not do it all,” says Beth Wilson, WellPet’s vice president of operations. “We saw an opportunity to shift logistics to the experts.”

TAKING STOCK

Because of the exacting nature of high-end pet food requirements, WellPet had to carefully select its third-party logistics provider (3PL). Pet food distribution facilities must comply with the same stringent sanitation standards as those for human food. The perishability of natural foods means shelf life is short — usually less than 12 months. Precise inventory tracking is essential to accommodate first-in, first-out (FIFO) requirements.

After completing its selection process, WellPet began outsourcing its Wellness and Old Mother Hubbard distribution to two 3PLs. In 2002, the firm contracted with Temecula, Calif.-based Aspen Logistics to service its West Coast customers, and, in 2004, it added Kane Is Able, Scranton, Pa., to manage East Coast distribution. Logistics operations for Holistic Select and Eagle Pack, added through a recent merger, are handled in-house.

IN GOOD HANDS

“Pet food is a key market for us, and one we’ve been serving for decades,” says Jim Emmerling, executive vice president, Aspen Logistics.

Aspen is a woman-owned business with revenues of approximately \$60 million. Employing more than 600 workers, the 3PL provides warehousing, distribution, transportation, and value-added supply chain services.

Kane Is Able, founded in 1930, offers integrated warehousing, packaging, and transportation services designed to meet the needs of consumer packaged goods (CPG) manufacturers.

The 3PLs’ experience meant both providers were already well-equipped to meet WellPet’s needs. But it’s the work the companies have done together since then that has helped WellPet go above and beyond customer expectations. Thanks in part to this collaboration, WellPet was named 2009 and 2010 Supplier of the Year by the Pet Industry Distributors Association.

Aspen’s Salt Lake City distribution center receives product daily from WellPet’s nearby manufacturing facility, then enters those shipments and lot codes into its warehouse management system. WellPet sends more than 300 stockkeeping units via electronic data interchange, which Aspen picks and stages for shipment. More than one-third of WellPet’s orders are case picks.

Recently, Aspen took over tendering loads to carriers, and the 3PL also helps manage inbound transportation from WellPet’s manufacturing partners. Other innovations Aspen developed for WellPet include:

- **Lot Control System:** Prior to outsourcing, WellPet tracked lot codes and expiration dates manually. “Warehouse workers wrote down lot codes and made sure inventory was rotated,” says Curtis Mendes, WellPet logistics manager. Aspen automated the process so inventory always rotates according to FIFO, and can even ensure that a specific customer receives a specific lot.

“We can virtually guarantee that customers receive product in the freshness sequence that WellPet requires,” says Emmerling. WellPet maintains dedicated quality control managers at its 3PLs for ongoing quality assurance.

- **Inventory Accuracy:** WellPet customers range from small vet offices to large pet specialty retailers, requiring not only the ability to ship everything from a small carton-level order split among locations to multiple pallets bound for retail DCs, but also to track lot codes down to those small levels. That capability allows WellPet visibility into exactly which lots went to each customer. The information helps satisfy customer inquiries.

WellPet’s stringent inventory and order accuracy ratings are based not just on quantities, but on formulas that include data coding, the number of daily shipments, cases picked, inventory turns, and on-time deliveries. Aspen’s WellPet inventory accuracy is 99.99 percent, and its order accuracy is 99.8 percent.

- **Rapid CFIA Compliance:** When the Canadian Food Inspection Agency (CFIA) implemented new requirements, “Aspen worked with us to incorporate a manufacturer code into the lot code and helped us secure the required documentation to go along with the code,” says Mendes.

The 3PL continued tweaking the solution as the regulations evolved. “Canadian customers tell us we were one of the few providers who were up to date,” Mendes notes. “Other suppliers struggled and were not able to get product into Canada.”

- **Customer Portal:** Visibility is a priority for WellPet. Aspen maintains an in-house IT staff to develop customer solutions, including a portal that allows WellPet to view real-time data such as lot codes, quantities, damages, product rotation, and historical data.

“WellPet can track shipments through every step in the process,” says Garry Barfus, general manager of Aspen’s Salt Lake City facility.

- **Packaging Assistance:** “WellPet’s product packaging is vivid and unique for the pet food industry,” says Emmerling. “We take great care to ensure the package is protected during transportation.”

Aspen experimented until it found the ideal pallet configuration and wrapping technique for WellPet’s products. “And when we launch a new product, Aspen tests handling it in the warehouse and provides feedback,” says Mendes.

KEEPING IN TOUCH

Maintaining successful 3PL partnerships requires attention. WellPet meets with both Aspen and Kane for quarterly business reviews, covering an agenda that includes performance metrics, business strategy, new opportunities, promotional plans, and forecasts. Such open data sharing is a rarity among 3PLs and their customers.

When WellPet sent Mendes on a series of visits to customer sites, managers from both Aspen and Kane accompanied him. This is an unusual practice, because many shippers are reluctant to encourage direct contact between their 3PLs and their customers.

“We were able to improve processes and best practices,” says Wilson. “And the visits were well-received by our customers. That kind of relationship-building is critical to success.”

Following up on that initiative, Aspen began attaching a survey to each shipment, asking customers to rate the load. The effort generated both positive and negative feedback, helping the 3PL to not only fine-tune shipping processes, but also impress customers with its dedication to continual improvement.

MOVING FORWARD

Close 3PL relationships will be essential as WellPet continues growing.

“Our focus this year is on metrics and scorecards received from customers,” says Wilson. “It’s more important than ever to perform consistently and continue to provide high service levels as we grow.”

Wilson credits its strong 3PL relationships with helping the company earn the business of large national retail chains and glean best practices for distribution tasks it performs in-house.

“Because we share information, we’re able to customize tools to come up with a portfolio that’s meaningful to WellPet,” adds Emmerling.

WellPet’s relationships with its third-party logistics providers “gives us an extremely high comfort level,” says Wilson. “We feel confident about how our product is being handled, shipped, and received.

“Our customers have come to realize that both Aspen and Kane offer world-class facilities,” she adds. “They know they will receive our product accurately, on time, and as expected.”