



IMPLEMENTED RESULTS SCORECARD



Rich Products Corp. Buffalo, New York / Lakeway Distribution

RICH's was founded in 1945 by Robert E. Rich, Sr., who discovered that the soy bean could be frozen, thawed and whipped. The new product revolutionized food processing and opened up a new world of non-dairy products to the growing frozen food industry.

Today, Rich's is known around the world as the founder of the non-dairy segment of the frozen food industry and is a leading supplier and solutions provider to the food service, in-store bakery, and retail marketplaces. As one of the world's premier family-owned food companies, Rich's posts annual sales exceeding \$2 billion.

THE CHALLENGE

As part of an on-going partnership, Rich's requested Carpédia assist them in reducing costs as part of the company's Supply Chain initiative. Specifically, Carpédia was asked to analyze a company owned, cold storage facility in Morristown, Tennessee and investigate potential improvements in the warehouse and freight operations.

The project scope included working with the management team in Tennessee and at the head office in Buffalo, New York to improve how Rich's managed the existing warehouse space, and how resources were being utilized to move product through the supply network. Specifically the project was structured to decrease warehouse costs, 3rd party freight costs, and internal freight costs. Overall, the project targeted to generate a 2.4 return on investment.

THE RESULTS

At the conclusion of the project, projected annualized savings generated a 3.2 return on investment. The specific actions taken to achieve the results included:

Increased outbound load utilization by 14% and reduced variance to the preferred carrier rate by 41%

- Changed method of CHEP pallet loading to increase potential pallets per load by 25%
- Developed and implemented load planning tool to maximize the cube of outbound loads
- Implemented policy whereby carriers were required to supply 53' trailers for all loads

Increased warehouse productivity by 31%

- Developed a labor resource plan to identify the required level of associates based on the forecast
- Modified the weekly labor schedule so that labor resources matched daily and hourly volume fluctuations
- Installed a structured continuous improvement process whereby supervisors are accountable for root causing process variances and developing sustainable method changes

Identified additional capacity within current warehouse location by 14% to enable Rich's to reduce 3rd party warehousing costs

- Improved utilization of existing warehouse space at the plant location
- Identified 6 additional layout changes within the warehouse to add 453 slot locations

THE TESTIMONIAL

MR. GARY MACNEW, VICE-PRESIDENT-CUSTOMER SERVICE AND LOGISTICS : "The most important deliverable from the project was the work done with our management at the distribution center. Your group helped to energize them around the improvements in the plan and even with the final departure of their Carpedia colleagues, they continue to deliver results and use the models and systems that were developed... In closing, I would recommend Carpedia to my colleagues as a perfect resource for business improvement projects."

Carpédia International is a management firm uniquely focused on helping leading companies implement sustainable improvements in revenue growth, productivity, and asset utilization.

