



Commonwealth Inc.
Seamless Distribution Solutions

Case Study – NACP Frappuccino

History:

In 1998 Commonwealth Inc. entered into a contract with the North American Coffee Partnership (NACP), a joint venture between the Pepsi Cola Company, Starbucks Coffee, and the Dairy Farmers of America. The NACP manufactured, bottled, and distributed the Starbucks-brand Frappuccino product. Initially all Frappuccino was distributed out of a Dairy Farmers of America (DFA) bottling plant in Springfield, MO. But as sales climbed the NACP determined they needed a multi-node solution. Commonwealth Inc. was brought in to manage the entire West Coast distribution of Frappuccino from Oxnard, CA, a city just north of Los Angeles adjacent to the nearby DFA bottling plant in Ventura, CA. Sales forecasts were used to project an estimated average inventory level resulting in Commonwealth Inc. selecting a 122,000 square foot warehouse to accommodate this business. However, sales quickly outpaced projections and the NACP faced significant lost revenue if their supply chain could not adapt and keep up with their growing needs. Potential issues included:

- Inventory levels exceeding available storage space
- The warehouse staff not being able to keep up with increased product velocity
- The clerical staff not being able to keep up with crucial data entry and paperwork

Solution:

Fortunately Commonwealth Inc. had hired a former top DFA manager to oversee the entire operation. This hire was strategic because his institutional knowledge allowed him to foresee these problems and prevent them from occurring. Commonwealth Inc. took proactive steps to ensure the NACP did not experience any supply chain disruption. These steps included:

- Acquisition of three additional warehouse facilities in Oxnard. The total square footage rose from 122,000 to 257,000 at its peak in 1998.
- Implementation of a streamlined dock check-in procedure which dramatically reduced the total time a truck spent at Commonwealth Inc.'s facility. Total time spent to check truck in, unload cargo, reload, and check-out was trimmed to a mere 19 minutes on average.
- Integration of Commonwealth Inc.'s WMS, 3PLink, into the warehouse operation to work in conjunction with the NACP's internal system, GEMMS.

Results:

Commonwealth Inc. met or exceeded all goals NACP requested and their supply chain was never disrupted. Commonwealth Inc. was consistently ranked the #1 3PL in NACP's distribution network of 16 facilities across the United States. Furthermore, yearly inventory audits indicated Commonwealth Inc. maintained 100% inventory accuracy balanced down to the case level – a significant feat considering the inventory was maintained both in 3PLink and GEMMS.

Scope:

A general summary of the contract operation is below:

- 257,000 square feet of warehouse space in four facilities
- Average inventory level of 10,500 pallets / 1,200,000 cases
- High velocity handling 30-50 truckloads (600-1000 pallets) IN/OUT a day
- 19-minute turnaround time from truck arrival to truck departure