

**STREAMLINING:** Nature's Best consolidated four buildings into this 325,000-square-foot facility in Chino, CA.



# The Right Recipe

***A big supply chain overhaul helped Nature's Best maintain its competitive advantage.*** By Amanda Loudin

If you were to ask Brian McCarthy, senior vice president of operations at Nature's Best, about the scope of the company's recent distribution overhaul, he would tell you, "it was one of the most challenging of his career."

He says this in part because the project had so many interdependent moving parts—and because the scope was so large.

To put this into perspective, the company transitioned from a four-building, multi-touch mechanized operation into a lean, one-touch, right-touch, one building system. The company undertook the supply chain transformation project because it wanted to remain a highly customer-service focused company.

According to McCarthy, Jim Beck, president and CEO of Nature's Best, and the executive management team had a vision to create a competitive, agile and scalable supply chain network to service customers and exceed their expectations.

"We're the last tried-and-tested private natural/organics supplier out there," McCarthy says. "But we're in an industry that is rapidly catch-



**Brian McCarthy**

ing on mainstream. In order to compete, we wanted to do it on service and price. We weren't going to be able to do that in our old operation."

Nature's Best has been in business since 1969 and delivers to 11 western states. Before it embarked on its mission to overhaul its distribution, it was increasingly facing the pressure of a growing natural/organic foods market. "In order to maintain our service, we were deploying more and more people," says McCarthy. "It wasn't economically feasible to operate like we did since 1990. We were making price concessions in order to survive."

Operating out of four facilities on one main campus, Nature's Best had outgrown its distribution system. Processing orders required 18 touches before products made it onto trucks. In addition, the company was operating with an outdated home-grown WMS. "We had very little control over our systemic destiny," says McCarthy. "The system wasn't flexible and didn't allow for intellect."

The company knew that it wanted to find a new WMS, one that would allow for plug-and-play operations. Says McCarthy, "We wanted a best-of-breed WMS that empowered the operational staff to make configuration changes based upon ongoing improvement."

In 2007 the planning began. McCarthy and team set out to find a supply chain consulting firm experienced in both the grocery industry and supporting technology. So Nature's Best took its project to Carmel, IN-based enVista for help.

"Our IT director had an existing relationship with them, so we brought them in, along with several other prospects, to see if we had a match," explains McCarthy.

After interviewing supply chain consulting firms, Nature's Best determined that enVista was a good cultural match. "We liked that they were flexible, as well as the fact that they offered a good understanding of our business," says McCarthy. "They helped us draft a visionary statement and created the criteria and questions for vendors."

The companies partnered and, working backward from Nature's Best's customers, designed the perfect solution to allow it to achieve its goals.

## Selecting A WMS

Before going on the hunt for the right WMS, Nature's Best and enVista set out to determine Nature's Best's standards for the future.

“It was enlightening because we were able to specifically pinpoint how we were going to get better and move forward,” says McCarthy. “enVista helped us study our current processes and develop those of the future.”

Once it had its processes laid out, Nature’s Best was ready to work with enVista on selecting the right WMS for its system. “enVista’s methodology for selecting a WMS is unrivaled,” says McCarthy. “Once we embraced this methodology, the selection process was a no-brainer.”

## THE RESULTS

**B**y all counts, the supply chain transformation and vision was a success for Nature’s Best:

- Labor costs were reduced by 40 percent;
- Inventory costs were reduced 10 percent;
- Cube utilization in fleets improved 18 percent;
- Touches were reduced 60 percent;
- Merges were reduced 100 percent;
- Inventory accuracy improved to a net unit variance of 99.9 percent;
- Overall visibility improved;



While labor costs went down, Nature’s Best was able to maintain its current staff and eliminate the use of temps.

“We improved our on-time performance and delivery as well,” says Brian McCarthy, senior vice president of operations, Nature’s Best. “We were able to do this while maintaining our consistency of quality to our customers, one of our biggest goals. When you consider the fact that we moved 100 percent of our business to a new site and didn’t lose a single customer or disrupt our supply chain, you know that we are very happy.”

What advice would McCarthy offer others facing similar large projects? “Network, network, network,” he says. “Talk to third-party people, but also to people who have been there.”

He also advises making sure you find the right partner. “Choose a third party that has an intimacy of the industry,” he says, “as well as an intimacy of their product. Without it, you’re bringing on more than you have time for.

“Our passion is not logistics, it’s natural food products,” adds McCarthy. “The supply chain is how we get our passion to market. Now we can fulfill that passion the way we want.” —A.L.

Jaime Gonzalez, project manager for enVista, says that the enVista consultants figured out Nature’s Best’s needs and then transferred them into functional requirements. “It’s tough for a client to deal with vendor selection without some help,” he says.

“This was a humbling process for us,” says McCarthy. “We thought we understood what we needed, but learned that we didn’t know what was right.”

After looking at several options and demonstrations, Nature’s Best selected a WMS from Manhattan Associates. “One of the reasons we chose Manhattan is that we learned that we would need to modify very little,” McCarthy says. “We also considered the initial and long-term cost of ownership.”

### Phase Two

After making the WMS selection, Nature’s Best was ready to move on to a lean material flow analysis (LMFA). The company had a new greenfield site selected that would allow it to move its operations from four buildings into one.

Once again enlisting enVista’s help, Nature’s Best set out to map out the interior design of the new site, along with all of its processes. “We went deep into our analysis and processes to determine construction decisions and WMS configurations,” McCarthy explains. “We used our LMFA data to design the sizes of our freezer, cooler and dry spaces and do it in a way that would last at least five years based on sales and data forecasts.”

With design and WMS in hand, it was time to start implementation. In addition to selecting a WMS, Nature’s Best went with a labor management system, performance management system and slot management. “We choose to roll out the software in three phases, beginning with our smallest temperature zone, which is frozen, and then moving onto cooler and finally dry space,” says McCarthy.

The implementation involved the following steps:

- Interface design;
- Configuration;
- Testing;
- Training development;
- Facility preparation;
- Labor standards development;
- Slot info implementation.

In all, the project required about 18 months to complete. “At all points in the project, we had a fully involved client,” says Gonzalez. “When you have clients this involved, it’s the best way to ensure success.” ❄