

Austin, Nichols & Co., Inc.

Soft Drink Division

Carlstadt, New Jersey

Client

Austin, Nichols & Co., Inc. Soft Drink Division (Austin, Nichols) produces, bottles, and distributes beverages under the YooHoo, Chocolate Soldier, and Orangina labels nationwide using a network of three production facilities and 46 distribution warehouses.

Problem Statement

Austin, Nichols's distribution costs were escalating faster than its revenues and therefore the company faced production capacity constraints due to its outstanding growth. Austin, Nichols contracted Tompkins Associates to analyze its existing production and distribution network to determine the optimal distribution operations and production requirements necessary for long-term growth.

Scope-Of-Work

Tompkins Associates:

- Determined optimum quantity and locations of third-party distribution centers
- Determined the optimal location for a fourth production facility using centroid analysis
- Created a list of "quick hits," such as elimination of company-leased trucks, implementation of a basic Warehouse Management System (WMS), and consolidation of existing distribution network
- Provided documentation of WCS functional requirements so that Austin, Nichols could implement one that meets its needs
- Reviewed inventory levels in all YooHoo warehouses and recommended safety stock levels
- Conducted an economic and qualitative analysis of all production and distribution alternatives, documenting recommended alternative implementation plans
- Determined recommended transportation methods and routes that should be used within the future distribution network

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Results

Tompkins documented existing distribution practices and outlined necessary improvements for Austin, Nichols that would result in annual savings of \$1.3 million dollars with little or no capital investment. Tompkins also developed a distribution network showing recommended locations for third-party warehouses, and produced a long-term, time phased action plan that guides Austin, Nichols on a path that meets its production and distribution requirements into the next century. The recommended plan will reduce Austin, Nichols' operational cost by \$800,000 annually.