

# Producer and Distributor of OTC Drugs and Personal Care Products

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## Client

The client produces and distributes over-the-counter pharmaceuticals and personal care products.

## Problem Statement

Tompkins Associates was retained by the client to analyze their existing distribution network. The main objectives of the study were to determine if the distribution centers (DCs) were correctly cited and what volume of product should be shipped from each DC based on varying service levels.

## Scope-Of-Work

Tompkins developed a long-range strategic plan for the client distribution operations in the continental United States. The following steps were taken to develop the plan:

- Visited existing sites to assess present operations, storage, and throughput capacities of each DC
- Developed and validated a customized computer model to simulate freight cost for existing and potential sites
- Generated alternative sites based on geographic and demographic criteria
- Analyzed alternative networks based on a full year of customer orders
- Analyzed the quantity and savings of consolidating shipments
- Performed economic analyses of individual sites and overall network costs to ensure the financial stability of long-term investments
- Developed an optimal distribution network and time-phased implementation plan

## Results

The Tompkins plan recommended that the client consolidate outbound orders to reduce freight and handling costs, realign its shipping regions by DCs to optimize costs and service levels, and relocate one of the existing DCs to handle increased shipment volumes.