

**Casebook** | by Debra Phillips

## Nourishing a Healthy Supply Chain

A 3PL partnership helps nutritional life sciences company Nutrabolt stay lean and fiscally fit.

**R**apid growth drove sports nutrition company Nutrabolt to set new logistics goals, and enlist the services of a “personal trainer” — Scranton, Pa.-based third-party logistics (3PL) company Kane is Able (KANE).

Founded in 2002, Nutrabolt offers sports nutrition, weight loss, and general health and wellness supplements through brands such as Cellucor, Neon Sport, Royal Sport LTD, and Cavalier. In addition to serving distributors and major retailers, the Bryan, Texas-based company sells its products to individual consumers ordering online from distributors, retail websites, or directly from Nutrabolt.

In 2014, Nutrabolt was named to the *Inc. 5000* list of the fastest-growing private companies in the United States. This level of fast growth is a testament to its products and business model, but also created many logistics challenges. To meet growing customer demand, Nutrabolt needed to process orders more quickly and efficiently. Its strategy also

had to include the flexibility to absorb dramatic swings in order volumes to support promotional campaigns. Nutrabolt provides omni-channel fulfillment; it processes orders for pallets, packages, and single-item units of sale through the same warehouse. Its products require strict temperature control, and any variation could result in inventory loss.

Nutrabort viewed these logistics challenges as an opportunity to evaluate all aspects of its operation. The company looked at its fixed assets — including the number and location of warehouses — as well as staffing within those facilities. It also analyzed the processes and technology that would maximize the utilization of these brick-and-mortar investments to support current and future business levels.

Once Nutrabolt established its goals,



**Nutrabolt outsources its warehouse management functions to KANE, which provides temperature-controlled warehouse space, and manages expiration dates and first-in, first-out stock rotation of its nutritional supplements.**

it decided to enlist KANE's third-party services. Many factors drove the decision to outsource warehouse management, including a strategy of focusing on core competencies, while leveraging the expertise of a 3PL that specializes in serving the retail sector. KANE operates eight million square feet of distribution space, with 25 facilities across the United States, providing logistics solutions to consumer goods manufacturers. The 3PL operates both dedicated (single-client) and shared (multiple-client) distribution centers.

"Given our rapid growth, operating our own warehouses required that we invest significant capital in both human resources and new warehousing and logistics technology systems," says Justin Woodall, vice president of logistics for Nutrabolt. "Our approach was to analyze the capabilities of our existing infrastructure, make appropriate decisions to support our business, and then enlist the knowledge and skills of a third-party provider."

Among the decisions that Nutrabolt made prior to selecting a third-party supplier was to consolidate its warehouse network. Rather than operating five warehouses in less-than-ideal locations, Nutrabolt established distribution centers in two strategic locations — Atlanta

and Salt Lake City. These facilities place Nutrabolt closer to manufacturers and end consumers. As a result of the new DC locations, the company expects to see a 30-percent reduction in miles traveled for full-truckload shipments, and a reduction in cost and transit times for less-than-truckload shipments.

After making these decisions, Nutrabolt began to look at proposed solutions that would maximize its assets. The process began when Nutrabolt engaged Wexford, Pa.-based consulting firm Greve-Davis to assist in the search process, and identify the best provider to meet the company's needs. Ultimately, Nutrabolt chose to partner with KANE on this major transformation project and ongoing management services.

"In the past, we worked with 3PLs on a tactical and transactional basis," says Woodall. "With KANE, however, the cultural fit was more important."

"In today's marketplace, shippers expect a high level of 'blocking and tackling' from their 3PLs; that's a given," agrees Ken Joseph, KANE's director of business development. "But KANE brings the added value of a customer-first focus."

KANE and Nutrabolt also agreed on a process-driven approach to developing customized solutions. In fact, both companies

are proponents of Six Sigma, a disciplined, data-driven approach and methodology for eliminating defects (driving toward six standard deviations between the mean and the nearest specification limit) in any process — from manufacturing to transactional, and from product to service.

### A Shared Approach

Once Nutrabolt selected KANE, the two companies embarked on a thorough review of data and existing warehouse systems, as well as projected future needs. "KANE employs a structured and detailed approach to onboarding new customers," says Joseph. "We analyze and document business requirements, and translate them into an efficient operating process and corresponding warehouse management system (WMS) configuration. We are methodical and not afraid to put on the brakes when we have to."

This shared approach and philosophy is one key success factor in the solution that is now in place. Woodall recommends that all logistics leaders allow adequate time for supplier selection, process design, and implementation of their selected strategy. "Don't sacrifice accuracy for speed," he advises.

The initial integration and validation took place in March 2015, and KANE began managing Nutrabolt's Atlanta and Salt Lake City warehouses shortly thereafter. In just a few months, Nutrabolt has achieved positive results from its partnership with KANE. Inventory availability has improved, and the time required for products to reach the end user has been trimmed, according to Woodall. The average time from order receipt to shipment has decreased from three days to 24 hours. The new distribution center locations have also reduced days in transit for small-package shipments. End customers now receive goods faster, a key factor in consumer purchasing decisions.

"Previously, we reached 22.6 percent of the population in two days or less, and 64.2 percent in three days or less," says Woodall. "Now, those numbers have improved to 66.5 percent of the population in two days or

less, and 96.2 percent in three days or less.”

While still early in the process, Nutrabolt has already experienced improved efficiency. In the past, one of Nutrabolt’s prior warehouse locations set a record of picking, packing, and shipping 740 orders in one shift. In the first week under KANE’s management, the Atlanta DC came close to that record, with 680 orders picked, packed, and shipped in one shift.

Both companies are committed to ongoing success and to operating in a structured way, with two scheduled conference calls per week to ensure goals align and to measure the effectiveness of warehouse functions. Other operational interactions, including business reviews and attention to key performance indicators, occur routinely.

Just as KANE and Nutrabolt are in continuous communication, so are their respective technologies. As part of the systems implementation, some operational functions that were once handled manually have now become automated, reducing the time and resources needed to complete these routine tasks, while also improving the accuracy of information flowing



**Among the benefits of Nutrabolt’s 3PL partnership are accurate inventory control and shipment visibility of its Cellucor supplements.**

seamlessly through KANE’s WMS and Nutrabolt’s existing systems.

For example, in the past, Nutrabolt did not provide a direct link between its carriers and 3PLs. Orders were received in Nutrabolt’s enterprise resource planning (ERP) system, then manually communicated to 3PLs in the various systems they used. For direct-to-consumer shipments, Nutrabolt used its ERP system’s basic warehousing function. Today, once Nutrabolt receives an order, it determines where the shipment will originate based on each location’s inventory, forecasts, and production

schedule. Then, it transmits order information directly to carrier partners. This change effectively removed seven hours of labor per day.

Automation is just one of many areas where Nutrabolt and KANE are identifying opportunities for greater efficiency and improved service to end users. And, like the many fitness enthusiasts who use Nutrabolt’s products, the company’s focus is on continuous improvement. In fact, Woodall recommends that other companies follow the same approach: “Don’t ever hesitate to continuously raise the bar.” ■

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