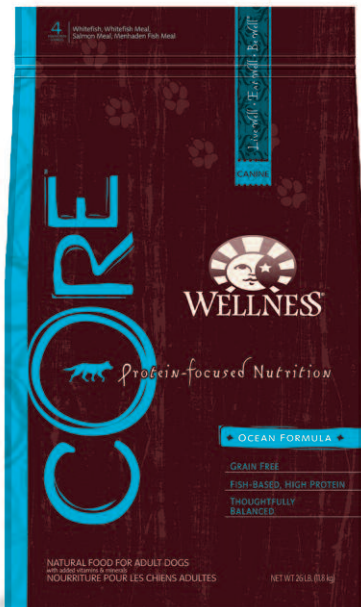


The product life on WellPet's all-natural foods is about a year, so date tracking and a first-in, first-out (FIFO) operating environment is critical.



Leading Natural Pet Food Company, WellPet, Creates Collaborative Partnership with KANE to Drive Logistics Efficiency

Situation

WellPet is a leading marketer of all-natural, human-grade pet food that sells popular brands such as Wellness® and Old Mother Hubbard®. The company had operated its own distribution center near its manufacturing plant outside Boston. After changing to a co-manufacturing partner model, this Boston distribution location resulted in higher costs for both inbound and outbound freight. At the same time, WellPet sought to improve its performance on inventory accuracy, code date tracking, food-grade compliant storage and other critical warehouse measures.

According to WellPet's Vice President of Operations, Beth Wilson, "We wanted to significantly improve our distribution efficiency while enhancing our service to customers. To do that, we knew we needed to partner with an outside expert that could get us to the next level."

Strategy

WellPet commissioned a study that identified Northeast Pennsylvania as the most efficient location for its primary distribution center. The company evaluated a number of third-party logistics providers and selected KANE to manage the 100,000-square-foot operation in Scranton, PA. From here, KANE ships 75% of WellPet volume to large distributors, who then ship to retail.

Account characteristics:

- 255 active SKUs with critical date control requirements
- Case pick environment with 470,000 cases/month shipped on average
- Storage in an AIB-certified, food-grade facility
- Display building

As the operation transitioned to KANE, WellPet and KANE staff collaborated closely to address critical distribution issues. Says Beth Wilson, "We wanted the best of both worlds: outside expertise provided by people who knew our challenges and products as well as we did."

WellPet and KANE staff teamed to implement the following strategies:

Reengineer processes to reduce product damage.

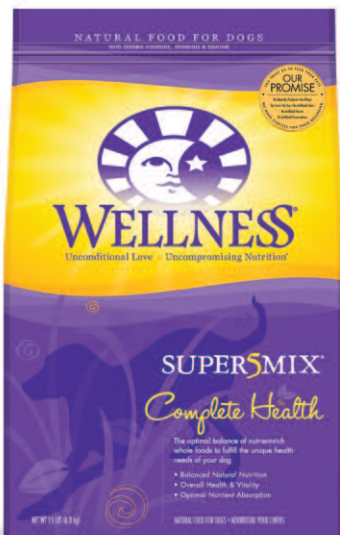
Product went from being largely floor-stacked to 100% racked storage. A process was developed for sequential picking and loading trucks that ensured heavier product was on the bottom. Ultimately, damages were reduced to .001% of the value of inventory.

Improve distributor satisfaction levels.

Distributors want orders filled accurately, on-time, and with no damage. To get to the heart of distributor concerns, WellPet and KANE took the unusual step of visiting distributors together and meeting with their operations teams. According to WellPet Logistics Manager, Curtis Mendes, "KANE participation in these meetings was key since KANE people build the loads and have

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– Beth Wilson,
Vice President of Operations



the best ideas on how the product can flow better." The strategy paid off. In 2009, WellPet was honored by the Pet Industry Distributors Association (PIDA) as Supplier of the Year. Distributors ranked WellPet number one among all suppliers nationally in overall sales, marketing and logistics operations.

Improve warehouse efficiency and management of aging product.

Manual, error-prone inventory management processes gave way to a paperless environment using KANE's RF-enabled warehouse management system. Since the product life on WellPet's all-natural foods is about a year, date tracking and a first-in, first-out (FIFO) operating environment is critical. KANE logs product into its system based on days to expiration and generates regular reports to closely monitor aging product.

Design cycle count program to improve inventory accuracy.

The new program has contributed to consistent 100% accuracy levels on inventory.

Reduce order cycle time.

KANE established EDI communications to enable faster, accurate information flow. Together with streamlined order processing, "order-to-shipment" cycle time was cut by 24 hours.

Improve pick efficiency.

KANE industrial engineers redesigned the picking process. The original pick line, which covered 12-14 aisles, was cut to 6-7 aisles, reducing travel time for order pickers. This and other improvements took the pick rate from 150 to 250.

Wellness executives attribute the program's success to the collaborative relationship between WellPet and KANE staff. "It's gotten to the point that management does not have to be directly involved," says Beth Wilson. "The challenge of meeting and beating objectives is in the hands of the people doing the work at WellPet and KANE. They operate as a single team and everyone has the same agenda."

Results

- Damage rates cut to .001% of inventory
- Order cycle time reduced
- On-time shipments consistently at 100%
- Shipping accuracy at 99.99%, with many months at 100%
- Inventory accuracy consistently at 100%

Says WellPet's Wilson, "Our customers are getting their trucks on time, every time, exactly how they want them. And the orders are full. That's the best indication of all that the program is working."

KANE is a third-party logistics provider that helps manufacturers and their retail partners warehouse and distribute goods throughout the U.S.

WellPet is home to a portfolio of premium natural pet food brands including Wellness®, Old Mother Hubbard®, Eagle Pack® and Holistic Select®. For more information, please visit www.wellpet.com or call 1.800.225.0904.