

Pennsylvania Liquor Control Board Streamlines Store Replenishment with KANE's Integrated Warehousing and Delivery Solution

KANE manages to an error rate of .0012 or less and an on-time delivery rate of 99.24%.



Situation

Pennsylvania is one of 17 states that controls the distribution process for alcohol sales in the United States. The Pennsylvania Liquor Control Board (PLCB) purchases and distributes all wine & spirits sold in the state, making it one of the largest purchasers of wine and spirits in the country. KANE operates a distribution center (DC) for the PLCB and manages delivery to 212 of the agency's Fine Wine & Good Spirits stores. Orders are sent to KANE after midnight. They must be staged that same day and delivered to stores the following day.

Strategy

KANE uses the PLCB's warehouse management system (WMS) to manage a high-volume, high-turn distribution center that handles about 7,000 different SKUs over the course of a year. The PLCB uses a vendor-managed inventory model in which goods are paid for only after they leave the DC. Vendors are required to maintain inventory between established minimum and maximum levels.

Key aspects of the solution include:

- **Managing demand variability.** Daily order volumes can fluctuate from 18,000 cases to 32,000 cases per day, making labor management and transportation capacity management a challenge. Wine and spirits stores are highly dependent on timely deliveries, so delaying shipments to deal with volume spikes is not an option. The

KANE team's policy on warehouse manpower is simple: "We leave when the last case ships." KANE also manages direct-store delivery using KANE's fleet and select owner-operators.

- **Precise execution.** The operational focus is on accurate, damage-free, on-time shipments. KANE manages to an error rate of .0012 or less and an on-time delivery rate of 99.24%. This keeps stores focused on sales without having to deal with damaged or incorrect orders.
- **Efficient labor utilization.** To minimize wasted travel time, the WMS system automatically alerts order pickers which products to pick as they move progressively down an aisle. When pallets are brought to the staging area, a bar code scan confirms that it has been placed in the right lane for the right outbound truck.
- **Value-added deliveries.** Most deliveries are unloaded by hand. Wine and spirits store delivery doors are often located down narrow alleys, requiring side-door delivery.

Results

The relationship between the PLCB and KANE began in 1989 and continues today due to the quality and efficiency of the KANE solution.

KANE is a third-party logistics provider that helps consumer product companies warehouse and distribute goods throughout the U.S.