



GOLDEN PALLET AWARD

If You Build It...

Bozzuto's built a state-of-the-art warehouse -- and then got the business to fill it.

By Pat Russo

Guiding a successful business into a new level of performance requires an intricate balance of vision, boldness and timing. For Bozzuto's Inc., mastering this precise endeavor doubled revenue over a five-year period and transformed the grocery wholesaler's high-volume, 265,000-square-foot warehouse into a high-tech facility with a capacity approaching 1 million square feet.

Serving retailers in the Northwest, Bozzuto's was already a recognized leader among grocery wholesalers. A recipient of the prestigious IGA International President's Cup, it earned the highest honor available in the international IGA organization.

Bozzuto's has also been given Food Logistics' Golden Pallet Award in the grocery wholesaling category. The Golden Pallet Awards are the first food industry awards to recognize excellence in warehousing.

Despite its success, the Cheshire, CT-based enterprise sensed that the time was right to capitalize on emerging market opportunities. "It was one of those 'If you build it, they will come' situations," says Jay McDowell, vice president of distribution services. "Michael Bozzuto, our president, felt that the timing was right to take a two-fold step, as far as getting to a larger size.

He built a state-of-the-art warehouse and then aggressively got the business to fill it"

Changes were planned to ensure that its infrastructure could effectively handle the expanded business. In addition to boosting available warehouse space by breaking ground on an expanded storage facility, the company evaluated the best methods for raising productivity, exploring investments in new software and technology to raise the efficiency of supporting processes.

At the outset, however, Bozzuto's realized that its warehouse already contained the key to achieving the desired business transformation and to unlocking the promise of its new technology. So, in addition to capital investments, it renewed existing efforts to engage the talents of the warehouse's 270-person workforce.

Bozzuto's regularly involves warehouse employees in the nuts and bolts of daily operations through focus groups, safety committees, regular employee meetings and lots of communication.

"Before we make changes to our warehouse management system (WMS), we share with them how the changes will occur, who it will affect and why we're making those changes," says McDowell. The company uses a WMS from AquiTec International, Chicago.

"Our promise to them is that we won't change anything without telling them first, not even little things that I know they'd never see. If we change something, we tell them. As long as we have that integrity, then the employees are very good with the whole system," says McDowell.

This openness produces valuable, unsolicited employee input. "They often give recommendations for changes to our WMS that we would never think of," McDowell says. "They provide us with great insights as to where we can be more efficient. Not every suggestion is implemented, but our guarantee to them is that whenever they bring a serious recommendation, we'll give it serious consideration."

Appreciation Pays Off

The company also finds ways to demonstrate appreciation beyond the traditional performance incentives and raises.

"One of the biggest nights of the year for us is the Thursday before the Thanksgiving holiday," says McDowell. "This year, we not only set a new single-night volume record, we did it with superb productivity, quality and safety while meeting all of our customer-delivery commitments. To acknowledge this accomplishment, we posted a little publication around the warehouse thanking everybody for their involvement and letting them know that we were going to do something for them. As close to the time of achievement, we try to acknowledge the effort. We do that as much as we can."

This people-oriented investment has paid off. While other industry companies struggle with turnover and hiring issues, Bozzuto's drastically cut its 1999 turnover rate of 60 to 70 percent, bringing it below 15 percent this year. It also established the foundation for a business transformation.

"We had to have the building blocks of good human resource management in place before we could implement technology," says McDowell. "If you have technology and you don't have accountability, you'll never realize the potential of the technology."

Combining streamlined processes with labor standards and technology enabled McDowell's team to reduce an unacceptable level of late deliveries and daily overtime, issues that took on greater urgency when the 40-year-old warehouse grew to three times, and then four times its initial size in 1995 and 1997.

Labor standards played an important role in increasing warehouse efficiency. Bozzuto's used the labor-management features on the AquiTec SCM/400 system to implement pay-for-performance incentives, requiring workers to meet certain minimum standards. As a result of the system-driven standards, it slashed overtime from more than 20 percent to less than 5 percent. In

addition, it increased throughput by 57 percent and reduced required labor by 30.4 percent.

Bozzuto's recognized, however, that standards alone would not achieve efficiency goals. "We wanted people to be more efficient, to pick more cases next month than they picked this month," says McDowell. "But people are not more productive just because you put them on standards."

To fine-tune efficiency even further, the team reorganized the warehouse based on product demand histories, requiring less time to pick orders. Using Slot-It software from Atlanta-based Manhattan Associates Inc., it regularly tracked product data to keep fast-moving items in the front of the warehouse. The reduced travel time enables regular and seasonal movement of products based on demand.

The software also considers item characteristics, which keeps breakable items off the floor and stores heavier products on lower shelves. In just eight months, the software increased warehouse productivity more than 5 percent.

Bozzuto's also adopted Roadnet 5000 Routing Software from UPS Logistics Group, Baltimore, which improved its transportation performance by enabling accurate forecasts of delivery times.

"In the past, if a customer needed a 7 a.m. delivery, it might have gotten there between 6 a.m. and 10 a.m.," McDowell says. "Now when we say 7 a.m., it's usually plus or minus a half hour. The customer can schedule their labor much more efficiently."

The software also enables better communication with customers when problems arise. "If we're not going to make a scheduled time, we call them, explain the situation and reschedule the delivery for a mutually convenient time. We've really enhanced communication and improved customer service."

The Roadnet software also saves valuable time by automating the route planning for the company's fleet. Designing each day's 90 to 130 loads now takes only minutes instead of hours. By making it easier to see which loads can be combined, the software reduces the number of needed deliveries.

"We have a large retail customer on Long Island that we send 30 to 50 truckloads per day," says McDowell. "The software takes all of the different configurations of those stores and finds the optimum configuration. In a very short period of time, it reduced the number of trucks that we were sending out."

The routing software not only took eight to 12 trucks a day off the road, McDowell credits it with cutting driver hours by 8.4 percent, improving cube per load by 12.7 percent. and reducing dispatches by over 8 percent.

Upgrading the fleet's onboard computers with new GPS and two-way communication capabilities, from XATA Corp., Minneapolis, enhanced driver efficiency even further. Bozzuto's can now send text messages to its entire fleet or to an individual driver. The communication capability enables real-time handling of customer requests for backhaul shipments.

Focus On Continuous Improvement

While those improvements would satisfy most, Bozzuto's is currently investigating other investments. Plastic pallets from Sterling Heights, MI-based Shuert Industries Inc. are expected to provide many benefits over their wooden counterparts. The additional shipping space gained by utilizing a 44 by 48 pallet with four inches of added width will enable 20 pallets to hold what currently requires 21 or 22 pallets.

"On 100 loads a day, I'm eliminating five truckloads," McDowell says. "That's five drivers' time plus benefits. All of that adds up."

McDowell expects even more dramatic improvement from voice-directed picking from Vocollect, Pittsburgh. By equipping the picking staff with headsets that provide computer-generated item locations and quantities, the company expects dramatic reductions in mispicks and returns. Bozzuto's anticipates going from one mispick in 600 or 700 cases to one in 7,000 or 8,000 cases. Trucks being used to return mispicked goods will become free for other duties. As a result of productivity gains, reduced damage and cost savings, this high-tech innovation is expected to pay for itself in less than six months, says McDowell.

Even while Bozzuto's is achieving a new level of performance, McDowell's team continues looking for improvements that will yield productivity increases, drive cost reduction and create ongoing business improvement.

"We have made great strides," he says. "We aren't finished yet, but the changes we've made have certainly proven themselves."

McDowell: Staying On Course

Jay McDowell has had what he calls "little sidelines" during his 27-year industry career, including time in sales, in accounting and in systems. These short absences only increased his fondness for the distribution and transportation industry.

In addition to three years as head of Bozzuto's distribution services, McDowell spent 12 years with PepsiCo, where he worked at Frito-Lay and ran distribution and transportation operations for PepsiCo in eastern Europe, Russia and northern California.

Moving from a huge corporation like PepsiCo to a family-owned enterprise only seemed to heighten his pleasure. "I came in, literally, to a world-class building with great transportation equipment and great warehouse equipment. My challenge is to get the most from them, doing it with integrity, and in a way that makes the employees feel good about what they're doing."

McDowell doesn't seem to miss the trappings of a large, multinational corporation. "Things here are pretty much as they seem. You're definitely in the fray of on-going decisions all the time. It's not a matter of being half a world away from where the decisions are made. If you have an issue here, you can go see whoever made the decision on our 126-acre campus, have input, or become part of the process."

His biggest pleasure may come from simply sharing his passion for his company and his industry.

"I took five of my distribution team to FDI's Productivity Conference this year," he says. "We specifically went on some of the warehouse tours because some of them have never worked anywhere else. I wanted them to see what truly great facilities and assets we have, and to gain an appreciation for how we measure up against some of the national competitors. It was an eye-opener for them."

His accomplishments at Bozzuto's only reveal more of his passion for his work, his team and his industry.

"I'm very proud of what our team has accomplished. We've made significant progress. There are many good people here working very hard to make it better every day. We would be very happy to share with anyone who would like to discuss or see what we've done." **P.R.**

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