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Saddle Creek Expands Value-Added Services

Charlotte, NC Site Visit
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By

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Key Personnel:

Stephen Cook - VP of Marketing & Business Development

Mickey Hutchins - VP & General Manager

Brian Schroeder - Operations Manager

Tom Hutchison - Operations Manager

Overview

Founded in 1966, Saddle Creek Corporation is a nationwide, privately-held third-party logistics company specializing in dedicated and public warehousing, transportation, and contract packaging.

Saddle Creek prides itself on providing top-notch logistics solutions and services to its customers and has created a "Whatever It Takes" company culture. With a total of 9 million square feet of space in 36 warehouses located in nine states, Saddle Creek Corporation ranks as the 24th largest warehousing provider in North America. In 2006, revenues were \$160 million, and it had a workforce of 1,250 full-time associates plus owner operators and seasonal temporaries.

Saddle Creek's comprehensive facilities and range of services gives customers "one-stop-shopping" that's tailored to their specific needs. Saddle Creek gives them a competitive edge by helping its customers streamline their business, manage operational costs and increase efficiencies in their supply chain.

Many well-known companies have benefited from this customized approach to their business, including: Coty, E & J Gallo Winery, PepsiCo, Quaker Oats, Sam's Club, Del Monte Foods, International Paper, Multiquip, Hansen Beverage, Philip Morris, and Verbatim.

Their distribution network relies on a combination of warehouse campuses and numerous dedicated contract operations. With multiple warehouses in the same geographic area, Saddle Creek can easily "flex" its workforce to meet customer demands and improve efficiencies.

The Charlotte, NC, campus operation offers one example of how Saddle Creek puts its resources to work. We recently had the opportunity to review this location.

Charlotte, NC Campus

While Charlotte is not Saddle Creek's largest campus operation, it is performing a wide variety of significant value-added warehousing and distribution services. The campus consists of a 352,000 square-foot main distribution center (DC) and two satellite DCs supplying an additional 100,000 square feet of storage space.

Operations are managed by industry veteran Mickey Hutchins who came to Saddle Creek when the company acquired the Charlotte Copak operations. The campus has a flexible workforce of approximately 300 during seasonal peaks. Of those 70 are full-time employees. It also maintains a trucking operation with approximately 29 tractors.

To support operations, Saddle Creek runs Infor/SSA Global's WMS4000 warehouse management system (WMS) integrated with Maddocks Systems transportation management system (TMS). The WMS is fully integrated with multiple radio-frequency devices and various barcode reading hardware. The packaging operations rely on fully integrated SYSPRO manufacturing, distribution, and inventory software. SYSPRO's modular nature allows the necessary functions to be selected to give complete planning and manufacturing control and increase operational effectiveness.



Coty, Inc. Operations

Coty, Inc. is the world's largest fragrance company and a recognized leader in global beauty products with annual net sales of \$2.9 billion. Saddle Creek has been running a large packaging and inventory control operation for Coty for the last seven years.

The packaging operation involves building custom kits of personal care and beauty products. Product demand is highly seasonal and corresponds to retail holiday sales. During the peak season from June through mid-October, 7.8 million kits are

packaged and in the off-season approximately 2.5 million kits are packaged. Saddle Creek provides Coty with very flexible operations to handle these changes in demand. During the peak season, Saddle Creek runs eight packaging lines producing approximately 80,000 individual kits per day.

To synchronize production and optimally manage inventory, Saddle Creek's production planner works directly with Coty's planner to coordinate inbound material flows and optimal on-hand inventory levels. To provide inbound visibility, Saddle Creek is notified of shipments of inbound materials via EDI (electronic data interchange) advance ship notices (ASNs). Once received, materials are stored in the DC. As orders for production runs are generated, materials are picked and staged for packaging. Saddle Creek is responsible for meeting specific shipping dates set by Coty.

Baked Goods Cross-Dock Operation

A major bakery company has outsourced its daily fresh baked goods depot distribution to Saddle Creek. Each day Saddle Creek receives between 25 to 30 truckloads of bread, pastries, and other baked goods from 10 bakeries. An estimated 200,000 pieces are unloaded after midnight and picked into mobile racks and trays by destination depot using a custom put-to-light system. The bread is loaded into Saddle Creek trucks for direct depot delivery on air-ride/e-track trailers. Saddle Creek trucks dedicated to this distribution operation are normally dispatched prior to noon each day. After unloading at depots (often at night into un-manned locations), Saddle Creek drivers pick up empty racks and trays for return to source bakeries.



Multiquip, Inc. Operations

In approximately 50,000 square feet of the main DC, Saddle Creek is storing medium-duty equipment for Multiquip, Inc. Multiquip has been a Saddle Creek customer for three years and its successful performance has led to serving Multiquip in other locations. Multiquip's product line includes: generators; rammers, rollers, compaction equipment; light towers; concrete cutting, placing and finishing equipment; dewatering pumps and welders.



Photo: Multiquip, Inc. Website

In addition to the normal handling and storage, Saddle Creek performs light mechanical work and touch-up painting value-added services. It also manages component and spare/service parts order fulfillment and distribution.

Verbatim High-Value Goods Inventory Management and Distribution

Verbatim is a well-known manufacturer of data storage equipment, media (DVDs, CDs, flash cards), and printer supplies. Saddle Creek maintains 120,000 square feet of space for Verbatim products in the main DC. It is responsible for inventory management and order fulfillment to retailers in the U.S., Mexico, and Latin America.

Inbound product is received via ocean containers in pallet quantities. Saddle Creek verifies ASN quantities against purchase orders and applies barcodes to products. The barcode information is then scanned into its WMS for inventory visibility. High-value products are put away into a separate fenced-off secure area and the remaining products are stored in racks or bulk storage. Approximately 2,000 stock-keeping-units (SKUs) are kept on hand in inventory. Outbound orders are fulfilled on the day they are received. Items are wave picked, and each order is verified. As a final step, a quality control inspection is performed on each outbound order. Saddle Creek ships out over 3,500 orders per month. As an additional value-added service, Saddle Creek is also managing returns processing for Verbatim.

Summary

Saddle Creek has transitioned from being a straight pallet-in and pallet-out warehousing operation to a true third party value-added logistics company. We anticipate that it will continue to expand its capabilities and find innovative ways to meet customers' supply chain needs and deliver value.

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