

# CASE STUDY 1: WAREHOUSE SOLUTION PROJECT



## THE CLIENT:

A Los Angeles-based online retailer provides private online shopping events for consumers; It connects shoppers to brands ranging in products from Ladies Fashion to Home Furnishings and limiting it to “member only”-timed private sales events.

## CLIENT CHALLENGE:

The company has been experiencing rapid growth with 250% for Calendar year 2009 and another 400% growth anticipated for Calendar year 2010-2011. It is currently shipping out 4,200 packages per day and expecting to reach 15,000 packages per day by 2011. The current 11,000 Ft<sup>2</sup> warehouse has exceeded its capacity and has no space to store inventory. The Client has also experienced inventory shrinkage. With expected growth in 2010, the company is moving into a new larger fulfillment and return facility (50,000 Ft<sup>2</sup>). With limited resources and time constraints, CPC was brought in to develop a pick, pack solution that lowers labor usage, meet the higher throughput and manage the transition from the old warehouse.

## OUR SOLUTIONS:

After determining space requirements, interviewing key stake holders, and conducting a Time Motion Study, CPC found that Labor productivity can be improved significantly through smarter processes and power conveyors. In addition to Order Fulfillment Automation, the Client needed a solution to address the shrinkage problem. CPC’s recommendations included executing 3 RFPs: Automation, Contractor and Security. After going through a structured selection process, CPC collaborated with vendors on warehouse design and process improvements. During implementation, CPC managed the project closely to ensure the plans met City regulations and the project met deadlines.

## CLIENT’S BENEFITS:

- 1) Sorting Automation eliminated labor. Picking productivity improved by 80% -- from 100 seconds/order to 15 seconds/order.
- 2) Automation reduced headcount in the picking and shipping areas by 50% --from 111 to 50 (at 15K orders a day)
- 3) Reduced Labor cost – from \$675,864 to \$133,329 annually
- 4) Implemented Warehouse Security and proactively enforced security policy and procedures

## Online Consumer Goods Retailer

### CHALLENGE

Scale Order Fulfillment and Returns processes to meet hyper-growth;  
Slash inventory shrinkage.

### SOLUTION

- Implemented new zone picking process which reduced warehouse labor 50%
- Sourced hardware and software; executed 3 RFPs
- Managed implementation
- Measured results
- Implemented a Security System that enforces the security policy.

### RESULTS

- Increase Output Productivity
- Reduced Labor Cost
- Reduced Inventory Shrinkage
- Enhanced flexibility in operations



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