

NEWS / BUSINESS

WOW Logistics unveils new department as company evolves to address supply chain crisis

NEENAH, Wis. — WOW Logistics, Neenah, Wisconsin, is working to help its customers address ongoing supply chain challenges as it rolls out a new department to help companies navigate an ever-evolving logistics landscape.

The company notes existing global supply chain disruptions exacerbated by the pandemic pose significantly increased supply chain challenges. WOW Logistics has heavily invested in real estate, operational and technology solutions to support companies through these challenges.

New to the company's portfolio of integrated capabilities is its Project Planning and Implementation (PPI) department, which offers a set of unique skillsets and expertise to deliver dedicated, evolved supply chain services through contract operations. The department's mission is to deliver advanced supply chain solutions in three focus areas: project budgeting and pricing, advanced project planning and implementation go-live.

"The new PPI department will enable customers to consolidate and launch new facilities by providing essential engineering, project management, operations, real estate development, construction and software configuration services to provide truly integrated supply chain solutions," says Howard Kamerer, chairman and CEO, WOW Logistics. "Our customers need one strategic partner with the expertise to pull together these diverse disciplines."

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Howard Kamerer
WOW LOGISTICS

Organic supply chain growth often results in underdeveloped process planning and documentation, Kamerer notes. This, coupled with disjointed supply chain information, leads to inaccurate replication of work streams.

"If third-party logistics (3PL) providers accept data and work processes at face value without using on-site audit verification, inaccurate scopes can develop," he says. "In contrast, WOW's PPI team utilizes a consultative set of people and processes to extract and process vital information."

Project processes are strictly managed to expose and mitigate risks, including project risk criteria, he adds.

The PPI team provides a robust structure to each phase of the process for new operational opportunities by ensuring each function is fully sup-

ported and equipped with the tools, skillsets, practices and procedures needed to deliver exceptional service, notes Arvind Goyal, WOW's vice president of project planning and implementation.

"This will be achieved by organizing customers' scopes of work, directing risk management and preventing service voids via gap analysis to effectively execute each project plan," he says.

Tony Hietpas, senior director of engineering, and Rachel Brincks, senior director of project management, are working closely with the PPI department to ensure smooth project transitions.

In tandem with this new endeavor, WOW hired a new president, Bob Balgeman, in March. He comes to WOW with more than two decades of experience in operational leadership with a variety of industry-leading logistics solutions providers. He will be responsible for leading WOW's 3PL, Contract Operations, Transportation, Consulting and Technology Solutions business units.

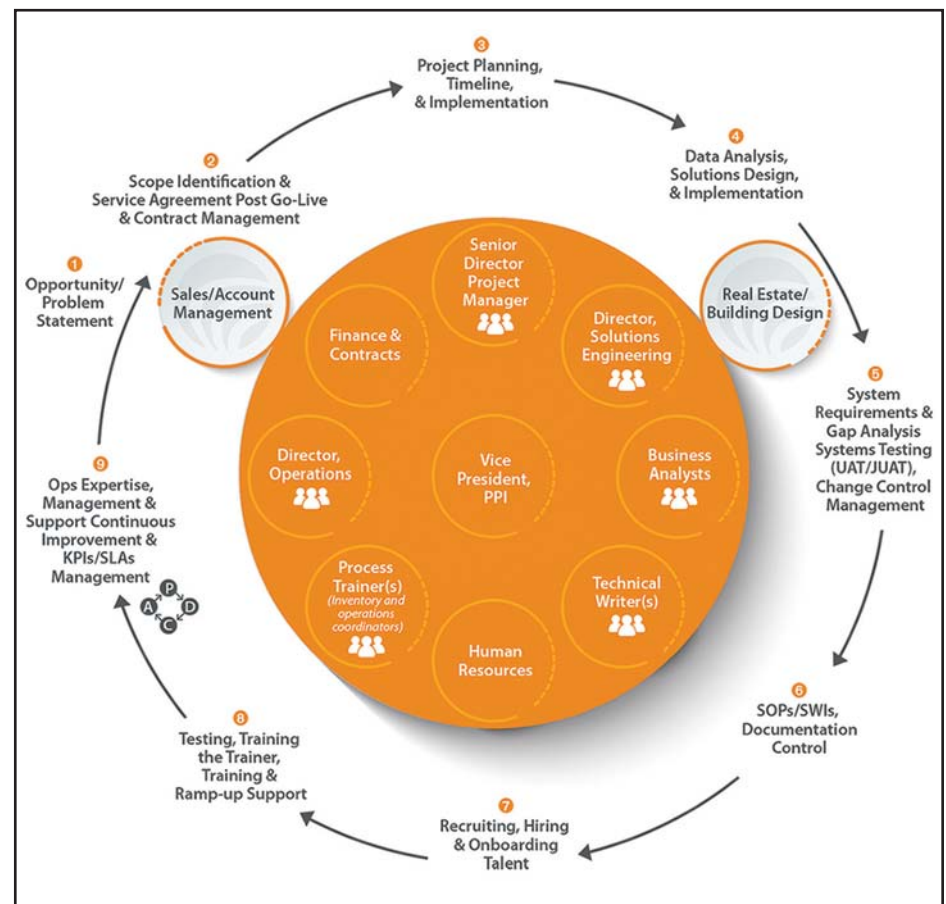
• Labor challenges and equipment shortages

The labor market has been competitive for more than a decade, but the pandemic created an environment where companies continue competing for and investing in labor without increased productivity, WOW says. Additionally, retail giants are pulling from existing supply chain labor pools and consuming workers at unprecedented levels. Meanwhile, the transportation industry has been grappling with driver shortages for years, and the pandemic only intensified the issue.

Clay Prickette, WOW's vice president of operations, notes that since the pandemic, some WOW facilities are experiencing a 50% cancellation rate of outbound shipments, causing a 400% increase in labor. These changes require a shift in labor utilization in order to minimize the impact of condensed labor hours, excess labor during lulls, decreased productivity and increased inefficiencies.

Companies are worsening these effects by not consistently managing their receiving and shipment forecasts, Prickette says. When last-minute cancellations occur, distribution centers cannot effectively manage their labor. Adhering to a projected forecast allows distribution centers to provide consistent coverage and effectively manage customer demand, he says.

"Constraints on warehouse capacity and transportation services continue to challenge the supply chain," adds Jamie Wally, vice president of sales, WOW Logistics. "The flexibility offered through the 3PL model via shared labor, material handling equipment (MHE), warehouse space and dock access is outweighed by the obstacles presented by low vacancy rates and



Graphic courtesy of WOW Logistics

insufficient transportation. A contract operation model resolves labor challenges within a distribution center by creating dedicated labor models, which allows our operations team to provide coverage specific to a customer's shipping and receiving demands."

WOW's PPI team creates these models to help properly manage peak labor periods. The team provides fast, cost-effective methods to tackle spikes in labor needs, prevent burnout within a company's workforce and avoid further delay of truck movement.

• Transportation shortages

WOW notes that warehouse efficiency is driven by a consistent flow of inbound and outbound product. Recent spikes in container volumes at ports force other vessels with additional containers to wait in the ports.

WOW says companies need to create mechanisms to drive reliability and consistency with their transportation partners. Service level agreements are contracts put in place between logistics providers and their customers. WOW has an on-staff legal department to ensure these contracts outline, in measurable terms, the services that will be provided, responsibility of both parties, key performance indicators (KPIs) that will be tracked and non-fulfillment consequences.

WOW also utilizes KPIs to monitor carrier performance and service level agreements to enforce accountability and avoid cost increases. Furthermore, the transportation team at WOW is made up of certified transportation brokers (CTBs) and includes a carrier relationship manager who handles every aspect of carrier interactions from bid packages to retention.

"Our transportation coordinators understand how carriers and warehouses operate. We have checks and

balances in place that allow us to be far more proactive than reactive," says Paul Zielski, WOW's manager of transportation. "We also have a strict vetting process in place to ensure only quality carriers are onboarded."

Lack of product movement also has created a shortage of storage space, WOW says, noting competition for space will reach hyper levels in 2022. Efficiency models previously relied on are being rendered ineffective as slow-moving inventory consumes existing warehouse space at accelerated rates, forcing companies to seek alternative product storage options.

Companies must be willing to look at their distribution network to determine the most cost-effective way to distribute and store their products, WOW says. To do this, companies may need to route product differently to expedite movement or construct a facility within a new geography to optimize their network. In either case, WOW's engineering resources can analyze customers' supply chains to ascertain optimal locations.

Companies need accurate budgets for new facility startups; therefore, WOW's PPI department works closely with its Real Estate Development Team to create precise budgets. WOW's PPI engineering team conducts a workflow analysis per job type to understand the full scope of work to be conducted at the facility, and costs associated with each. It also conducts network study evaluations to determine the most optimal facility location based on geographical efficiencies, transportation costs and distribution requirements. Site selection also includes intricacies such as soil type, elevation, access to power

Turn to WOW, page 9

NEWS / BUSINESS

WOW

Continued from page 8

and utilities, and placement within active local tax incentive districts.

WOW engages in a competitive bidding process between municipalities to secure significant incentive agreements. Furthermore, storage optimization and inventory flow analysis are combined with building programming to maximize facility efficiencies. Work processes are broken out to program space toward work types. Incorporating this data into the design approach ensures customers receive the best value for their requirements. John Elrick, vice president of real estate, noted an example where WOW's customized solution reduced a client's facility footprint from 120,000 square feet to 85,000 square feet.

Additionally, WOW offers 100% project financing. All financial aspects of the building process are managed by WOW. When the facility is complete, WOW will lease it back to the client on a long-term basis.

"Ultimately, unless demand reassesses, additional warehouse space will come from new construction. Building planning and construction can be two years from planning to occupancy if you start today," says John Elrick, vice president of Real Estate. "Purposeful site selection and engineered design is required to drive consolidated synergies and efficiencies."

• **Maximizing storage space**

Over the last decade, WOW has invested more than \$18 million in its technology suite to leverage its systems and automate processes that drive efficiency and save on labor.

Manhattan SCALE is at the base of WOW's technology suite. WOW's warehouse management systems evolved from SCALE backend to include configurable workflows and instructions, optimized receiving and shipping methods, EDI integration and dynamic inventory control. WOW's receiving process integrates safety and trailer inspections into operator work processes. Similarly, work is directed by defining the most effective way to place products in the right location and pick accurately along the most efficient path via instructions sent directly to an operator's radio frequency gun. Seamlessly integrating these instructions and activities into daily workflow increases operational consistency, the company says.

Meanwhile, WOW's warehouse execution system (WES) provides enhanced capabilities to drive consistency and efficiency in task execution and resource management. This system consists of solutions created by WOW, including an appointment calendar, contactless driver check-in, labor management software (LMS) and automated work prioritization of tasks to drive higher levels of efficiency within

an operation. In addition, the system is a repository for important operational documents allowing instant access to SOPs and incident reporting.

In June, WOW also will offer the first release of its Supply Chain Control Hub. This solution will effectively manage and control processes, scope and costs via a centralized system. KPIs will be utilized to pinpoint differences between scope model and warehouse performance.

WOW notes better visibility of distribution center performance allows for faster adjustment away from negative trends and the establishment of actionable plans for streamlining operations. The scope change process tool requires engagement from

all parties with two-sided approvals, reducing confusion and simplifying the process. When all approvals are completed, impacted KPIs are automatically adjusted. Expenses also will be sent through the approval process to increase visibility and reduce unnecessary spending. Approved and completed expenses are clearly visible across the entire network. This single space for decision-making eliminates the back-office complexities of manual, email and verbal conversations, WOW says.

"The Supply Chain Control Hub will deliver a single space for decision-making, eliminating a variety of back-office complexities. By automating contract management, scope changes,

monthly billing reconciliation, expense approvals, KPI reporting and analysis, EDI troubleshooting and resolution help desk services, it will help our customers reduce the overhead required to manage their supply chain elements," Kamerer says.

As companies continue navigating the supply chain crisis and the ripple effects caused by the pandemic, they have an opportunity to use this period to discover where investments are needed and evolve their supply chain strategy to make decisions earlier, Kamerer adds.

"WOW Logistics acted early and invested heavily in new resources, processes and software systems, and continues to do so," he says. CMN

Supply Chains Are Like A Complex Puzzle

Picture your supply chain as a Rubik's Cube, a combination puzzle with many moving parts. Market changes and resource challenges can throw your network out of alignment, and now, more than ever, companies need data-driven supply chain expertise to maintain efficiency.

WOW Logistics holds the solution through our integrated services:



- ✓ Efficiently engineered **build-to-lease** facilities
- ✓ Expertly managed **contract operations**
- ✓ **Warehouse management technology** designed from practical experience



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