



## WERC Certification Awarded to KANE DCs

### **KANE's Distribution Center 5 (DC5) and Distribution Center 6 (DC6)—in the Scranton, Pennsylvania campus of Kane Is Able have been designated as WERC Certified Warehouses.**

The designation from the Warehousing Education and Research Council, the professional association exclusively focused on warehouse management and its role in the supply chain, certifies a warehouse facility's capabilities and its ability to competently perform core warehousing functions.

To conduct the certification audit, an independent third-party auditor inspected the distribution centers and conducted a process assessment, while benchmarking and grading the warehouse operations against recognized industry best practice standards.

These standards are contained in WERC's *Warehousing & Fulfillment Process & Best Practices Guide* that outlines the five levels of warehouse process competencies (ranging from "poor" to "best practice") for the eight common warehouse processes (receiving and inspection, material handling, slotting, storage and inventory control, warehouse management systems, shipping documentation, picking and packing, and load consolidation and shipping).

"We have a commitment as an organization to use best practices, so we took one facility we call a dedicated distribution center operation serving one client, and another, a shared facility, to see how our operations aligned with the WERC certification best practice parameters," explained Pete Westermann, president and chief operations officer, Kane Is Able. "For us to have an external set of eyes from a reputable professional organization like WERC, which has an excellent perspective of best practices, is a worthy undertaking for us; also one from which we can share the lessons with our clients."

According to Westermann, "the WERC Certification audit confirmed that having a commitment to a quality systems program, which we have, is absolutely critical. Also the technology that we are now deploying throughout the campus makes sense, and that our operating procedures and practices and supply chain experiences can be of value to and shared with our clients."

### **Preparing for the WERC certification audit**

Kane Is Able is a third-party logistics provider of transportation, packaging, and distribution services within the U.S. for the consumer packaged goods (CPG) sector. The company includes 8.5 million square feet of warehousing space across 17 distribution centers, multiple embedded co-pack operations, and a fleet of 200 power units and about 1,000 trailers. It remains a family-owned, professionally managed company.

**DC5** has a single tenant, is slightly less than 700,000 square feet (of which 175,000 square feet is temperature-controlled space), with a 35-foot ceiling height, 128 truck and 10 rail doors, and 40 operators handling more than 100 shipments on a daily basis. It is 20 percent racked, has 700 SKUs of a fragile commodity (glass), and maintains an inventory accuracy of 99.99 percent.

**DC6** is a shared distribution center with multiple clients and more than 50 operators. Physically, it has one million square feet of floor space, a 35-foot ceiling height, 174 truck doors, 5,000 SKUs, is 30 percent racked, and includes 45,000 square feet of temperature controlled space. The facility handles about 400 orders per day, from pick-pack up to pallet loads. Its transportation modes are mixed, from parcel to full truckload.

Additionally, KANE is in the midst of a significant technology investment. “We’re deploying a new product suite that includes warehouse management, labor management, and yard management solutions, along with a new transportation management system throughout the Scranton campus which includes seven distribution centers in all,” Westermann noted. “Naturally, we were curious about what WERC thought of our technology approach and to also gain their perspective on it during the certification process as well.”

Preparing for the certification audit process, a collaborative approach was used in which the continuous improvement team, marketing team and the campus’ operating team participated. For example, any recommendations for modifying practices or procedures would be evaluated by the continuous improvement team using its Lean-based techniques. And, since the results from the WERC certification team would be shared with both internal and external audiences, the marketing team’s presentation expertise would be in demand. The operating team is unique in that it is a shared resource and leveraged across the seven DCs on campus, and they would have the responsibility of introducing any new or modified practices, where applicable, into the appropriate facilities.

### **Learnings, lessons, and opportunities**

One concern for the team prior to and during the audit was the new technology being deployed throughout the campus. “During the audit we were and, in fact, are still going through a major technology changeover, having invested in new technology for all of our Scranton campus facilities and transportation group,” Westermann explained.

“The auditor basically validated the technology improvement path that we’re on and noted that it is clearly the right course of action to grow our business.”

A learning that came forward that KANE is now addressing has to do with creating some positive “friction” to foster more communication between the technology and operating groups. “As we look at the technology and its launch, we realized that

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we may have had a couple of silos, focused inwardly within an individual DC or a group,” he said. “We instead had to look at the technology from a more broad-based perspective across all of the distribution centers, about its execution, and of bringing the best prac-

tices forward.”

To create this friction, as Westermann describes, a technology steering committee was created. The committee is in a positive way creating a “healthy” friction as the teams work towards an end point, in this case the launch of the new technology. “They’re establishing an agenda to achieve that goal, monitoring the progress towards launch, and creating an atmosphere that encourages the groups to come together to discuss their respective issues and challenges and to work together to jointly develop better solutions than each individual group might,” he explains.

The WERC Certification audit process also re-confirmed for KANE that having quality systems in place are absolutely essential and the investments that were made were sound. A lesson learned, according to Westermann is that, “We need to continue to always question our quality systems. Just because we have one doesn’t mean that it’s fulfilling the task at hand.

“We are ISO 9001:2008 certified, and a practitioner of Lean philosophy and techniques, but unless we’re correlating it to our business outcomes and proving that they are making a difference, they will potentially become stale,” he explains. “Therefore, the biggest learning here was that we shouldn’t be afraid to test the validity of our systems to ensure that they are up-to-date and serving our needs.”

DC5 and DC6 are brother and sister facilities, according to Westermann. “The knowledge transfer between the two facilities has been good and is getting better,” he shares. “Even though they serve different business models, we are continuously trying to take down these walls and to leverage this exchange of knowledge.”

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However, the audit team saw an even greater opportunity for KANE to leverage its operating practices and processes than is currently being done. “They pointed out that we are doing some things in the dedicated DC5 facility that also could be demonstrated in DC6 to its benefit, and vice versa,” Westermann noted. “We may not be leveraging that as much as we could, but we’re now looking into these opportunities and also to expand them beyond DC5 and DC6 and into all the other facilities as well.”

For example, a labor management system (LMS) is not an unusual tool in a dedicated facility, while there’s debate about its effectiveness in a shared environment. “Our learning from the audit is to take a look at how we can leverage the LMS in a shared facility just like we do in a large, dedicated one,” he said.

### **Motivating the associate base**

The WERC Certified Warehouse designation will become part of the KANE brand. It’ll be visible on the company’s website, and on banners and posters located throughout the designated facilities, and in other media used by the company when communicating with the public. “We’re going to emphasize that the certification is an important part of us, and that it is a testimonial of our commitment to our associates and clients,” says Westermann. “Internally, we’ll convey to our associates that our clients expect us to be different going forward, and that our challenge remains to be different, in a positive way.”

The certification audit process is assisting KANE address one of the themes currently impacting its business. There is a trend that indicates clients are moving from an era of “execution-is-everything,” to one of “execution-plus.” According to Westermann, “We’ve been very good at execution over lifecycles, and that has created what I call a significant doer culture. We have a lot of associates who are very good doers, but the thinking side of the business hasn’t been emphasized not only by us, but throughout the industry as a whole.”

“Internally we are working on this and looking for opportunities where we can get an external frame of reference, like the WERC Certification process, to challenge the norm, or simply help us to think through an issue—creating an environment of innovation,” he explains. “You don’t make innovation, you have to create an environment for it to happen. That’s a fundamental reason why we engage in these certifications and audits and client inspections, because there are different minds thinking and drawing out ideas, and we also can engage our associates with these other people who know how to effectively ask the ‘why’ question.”

KANE is also sharing with their client base details of the audit process along with the requirements that must be achieved. “It’s a way to show them that we’re committed to and are in fact applying best practices to our processes, and that we welcome external and independent authorities to come in and inspect and evaluate our operations,” Westermann explains. The real benefit comes when a client asks how they can apply the principles to their own operations.

### **Maintaining the momentum**

The WERC Certified Warehouse designation is effective for three years after which the facility must undergo a recertification process. In the meantime, the WERC guide will be used as a resource for considering additional improvements/upgrades in DC5 and DC6 and the company’s other facilities.

KANE already has a process in place for continuing the process of evaluating and making changes to practices and procedures. There are a number of suggested projects being considered for the pipeline. Those that are considered good investments will be subject to the continuous improvement/ISO process, and if approved, they will be standardized and adapted where appropriate throughout the KANE network of 17 DC facilities. The others, which may be holistic or environmental will be “absorbed and transferred to other sites from a knowledge perspective.”

As Westermann observed, “The recognition from WERC, by its certification of DC5 and DC6, is verification of our belief in seeking and applying best practices in our operations that will also provide value to our client base.”

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