

Candy Maker Just Born, Inc. Makes Third-Party Logistics Part of Its Growth Strategy

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Situation

Just Born, Inc. is a mid-sized candy company with leading brands that include PEEPS®, MIKE AND IKE®, HOT TAMALES®, and PEANUT CHEWS®. During a period of rapid growth in the early 1990s, the company expanded distribution to multiple warehouses throughout the United States. The lack of strong inventory management processes and systems, however, led to inaccurate inventory deployments and poor fill rates. At that point, the company recognized the need to invest in the people and logistics infrastructure that would address its inventory challenges and support its future growth. Rather than build that capability internally, Just Born partnered with a third-party logistics company.

Strategy

In 1992, Just Born selected Kane Is Able to manage its warehousing and distribution requirements. The primary task was managing a 250,000-square-foot, food-grade distribution center in eastern Pennsylvania. Each year, the facility processes, on average, eight million cases of Just Born candy. Services provided by Kane is Able include:

- Inbound transportation of raw materials to manufacturing
- Outbound transportation to U.S. and international customers
- Management of more than 500+ SKUs with strict lot control
- Storage in a temperature and humidity-controlled warehouse
- Packaging and display building

- Monitoring retailer routing guides to reduce chargeback fines
- Management of all EDI feeds to and from Just Born and its customers

According to Just Born's Supply Chain/Logistics Manager, Alan Sargent, customer demand for smaller, more frequent shipments had placed a greater cost burden on Just Born. KANE helped implement strategies to meet added customer requirements while keeping logistics costs steady as a percent of sales.

Key strategies have included:

Load consolidation to reduce freight costs.

Recognizing that several of its candy manufacturer customers were using less-than-truckload (LTL) carriers to ship to the same retailers, KANE convinced these customers, including Just Born and Topps, to consolidate separate loads. Using its proprietary LoadCon software, KANE enters customers' inbound shipment requests and identifies orders that share similar ship-to destinations and arrival dates. LoadCon then builds truckload shipments and the cost is divided among customers with product on the truck. As a result of the LoadCon program, more than 95% of Just Born's LTL shipments were converted to lower-cost truckload shipments, cutting 25% off the cost of these LTL moves.

Distribution from a campus environment to economically manage seasonality.

Fluctuating seasonal demand required KANE to handle up to 150% of average Just Born volumes during certain peak periods such as

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– Alan Sargent,
Supply Chain/Logistics Manager



Easter, when PEEPS® Marshmallow Candies is the number one non-chocolate item purchased. Because the Just Born DC is located within KANE's three million-square-foot Scranton, PA campus, volume spikes were accommodated in one of six other campus facilities, with extra staff temporarily borrowed from other KANE accounts. As a result, Just Born handled volume spikes easily and seamlessly and paid only for the added space and labor required for the period.

Co-packing support to consolidate vendors and reduce cycle time.

To support holiday and promotion-related candy sales, Just Born customers require displays and special product configurations. Much of this display building and packaging work was shifted to KANE associates in the distribution center. According to Sargent, "At one time, Just Born's packaging work was spread across many different partners. We did a total landed cost analysis that demonstrated the advantage of centralizing co-packing services within the DC. KANE's ability to take on these value-added services allowed us to reduce costly freight moves and speed the time required to prepare these products for sale. Also, consolidation of packaging vendors has made the process easier to manage."

Results

- 25 percent freight savings through consolidation of orders
- Reduction in retailer chargeback fines
- The acquisition and integration of the PEANUT CHEWS® brand in 2003 added volume to Just Born's existing distribution infrastructure, which helped to achieve acquisition-related synergies
- Cut thousands of dollars in packaging-related freight and administration costs
- Avoided systems-related investments based on use of KANE logistics systems and KANE management of ASNs and other EDI feeds.

"Our business is making and marketing candy," Sargent said. "The partnership with KANE allowed Just Born to focus on growing our business, while KANE provided the logistics infrastructure and know-how to economically support this growth."

Kane Is Able is a third-party logistics provider that helps consumer packaged goods (CPG) companies warehouse and distribute goods throughout the U.S.