



## Experts offer a blueprint for the successful construction of a distribution center.

### Food Logistics

*APRIL 15, 2002* – So you're in the market for a new distribution center? The first question to ask yourself is, are you really? Oftentimes, a smarter choice than building a new DC from the ground up is retrofitting an existing facility—whether your own or someone else's—to fit your needs.

Figuring out if you need to build is just one of the many pieces of the puzzle that will eventually come together—hopefully—in getting a world-class food facility off the ground.

Most experts will tell you that building a new facility is a painstaking endeavor involving numerous phases, dozens of contributors, and a lot of work on the part of the client. Many things can go wrong, but they don't have to if planning is done right from the start and the lines of communication are kept open between the client and the planning firm hired to oversee the project.

In fact, for many food companies, the process starts right there—hiring the companies that will be responsible for the different phases of the project. Some food companies hire a planning firm to oversee the project for them. These companies collect the information for the project from the client, help them decide in which direction to go—i.e., build a new facility, or retrofit an existing one and then hire the different specialists (engineering firms, IT system managers, material handling automation specialists, etc.) needed to get the new facility up and running.

Keith Swiednicki, managing partner, KOM International,

Montreal, says specialized planning firms like his tend to be “unbiased” when it comes to the construction phase of the project, since they will not be the ones doing the building themselves. “We will perform a proper evaluation of alternatives,” he says.

Other firms serve as one-stop shops—they not only oversee the planning, but also build as well. “in our instance, we're an architecture, engineering and construction firm, all under one roof and what we bring to a client is a scenario where all three of those work together as a cohesive team right from the beginning,” explains Bob Graham, vice president business development for food and beverage with The Austin Co., Cleveland. “It's all one group of people and we're going to look at all of these issues from the outset. So there really isn't any opportunity for finger pointing. We're the ones that are essentially doing everything as a team.”

“The first step will depend on where the owner is in terms of understanding his needs,” says Bruce Anderson, director of industrial engineering for The Stellar Group, Jacksonville, FL. “If the owner has a clear vision and has developed a good set of criteria, then he can contact companies in order to find out who can deliver what he needs within the desired schedule and budget.”

## A Multi-Phased Approach

Whether a company chooses to hire an all-in-one planning and construction firm, or separate firms to handle each of the processes, experts recommend they follow a multi-phased approach to constructing a new facility. This approach typically includes the following stages, generally in the following order:

- Putting together a project team;
- Hiring a planning firm;
- Collecting the necessary data for locating, planning and designing the facility;
- Hiring specialists to do the work including an architecture and engineering firm (if they are not actually part of the planning firm hired earlier);
- Obtaining the necessary government approvals;
- Hiring the project specialists and providers of information technology and material handling;
- Constructing the facility; and
- Training the facility's employees.

St. Onge, Ruff and Associates, York, PA, recommends the project team include from the client's side someone from:

logistics and distribution operations, engineering, IT, sales and marketing and an upper-level executive who can make the financial decisions.

While some of these individuals may come and go from the project, Graham of The Austin Co. stresses the need for a leader who will see the project through from start to finish. “You should have one person who is the constant at the top of the pyramid,” he says.

“He has the overall responsibility on the client side for working with our folks.”

Once the team is selected, then the fun begins: collecting the data and related information to generate an overall picture of the client’s existing distribution network in an attempt to see where a new facility will actually fit in. Coming up with the data to determine the best direction to go in—whether it is building a new DC or retrofitting an old one—can be a rather arduous process that requires a lot of research and help from the client. But it is a crucial step, those with experience in the process say.

“Before forging ahead on a new facility planning, expansion or reset exercise, the current physical distribution infrastructure must be assessed,” says Swiednicki of KOM International. “This includes examining the existing buildings and sites to identify constraints, capacities and opportunities.”

Anderson of The Stellar Group, says a company may need to do a material handling and facility sizing study. “This would be conducted by someone from the designer who can analyze the owner’s existing operations, review his future plans, walk him through his options and help him select the best choice,” Anderson says.

“Maybe he needs more storage space. Maybe he needs more pick faces. Maybe the physical constraints of his current facility make getting orders out on time next to impossible. Whatever the case, the current problems and future expectations need to be clearly defined. Once that is done, most people find that the answer is halfway defined as well,” he says.

“It’s really important that they go through this first phase before they start designing the building,” adds Lloyd Morgan,

a partner with St. Onge. “One of the classic problems we’ve seen is a company hires an A&E firm, they put a box on a site, and then they say, ‘Gee, I wonder how I’m going to fill it.’ And they find out the warehouse is either too small or too big. It’s important that we’re recommending a methodology here that is the design of the inside of the box, before you put the walls around it.”

About this time, St. Onge will typically engage in what it calls a “visioning” of the project. “It’s a brainstorming,” says Paul Evanko, the firm’s vice president, “where we access the

Institute St. Onge and a lot of material handling and logistics information that we maintain as a company—videotapes, slides, hardcover reference materials, all kinds of things we pull forward. All this is an attempt to develop an optimized, lowest-possible-cost attempt to accomplish all of the objectives of the project.”

An important thing to keep in mind: most experts

remind their clients that they are not building a new facility for today, but for years to come. The result is that a planning horizon of anywhere from six to 10 years is usually built into any plan

for a new facility. This usually leaves some extra room for growth, based on where the client sees his business going.

With the planning completed, the construction finished and all the internal systems of the new facility in place, there is still one more important step: training.

Typically, in a new facility, people that are being hired are also new or they are being confronted with new work processes that they have to comply with or new systems that they have to work with on the information side,” Evanko says. “So training them is an extremely important ingredient to the ultimate success of the entire project.”

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