

JJ Taylor Tampa at a Glance

"JJ Taylor sells beer".....and lots of it. It is impossible to visit the facility and not think to oneself that this company's mission is as crisp and clear as pilsner. From the company's lauded "Brew University" to its significant investment in supply chain efficiency, JJ Taylor's core competency is selling and distributing beer. Judging by the company's growth rates, knowledgeable employees and world-class distribution infrastructure, selling beer is something it does very well.

Headquartered:

Jupiter, FL

Area Served:

17 Counties West/Central
Florida (Tampa to Naples and Ft. Pierce)
Minneapolis/St. Paul metro in
Minnesota

Warehouse Locations:

FL (Tampa, Ft. Myers, Ft. Pierce)
MN (Minneapolis)

Major Suppliers:

MillerCoors, Heineken, Diageo,
Yuengling, Boston Beer

Market Share:

33% Case / 40% Tap

Vertique System Installed:

Tampa (2004) Minneapolis (2010)

First Case Pick Order Produced:

2004

Payback:

3.5 years

Key ROI Drivers:

Labor reduction (-30 headcount)
Route reduction (-6 routes)

Volume Increase

Taylor-made for Scalability



When JJ Taylor installed one of the first automated case picking systems in the North American beer wholesaler market, few could have imagined the changes that would come to the industry over the next decade. In 2003, JJ Taylor had 250 product SKUs. At the time, the idea of efficiently expanding the company's product line beyond that number was considered daunting. In order to bolster the company's SKU capacity and to realize the potential savings associated with automation, JJ Taylor opted to automate the case picking operation in their Tampa facility. After significant diligence and business case development, JJ Taylor chose Vertique as its automation partner. The scalability of the Vertique system was one of critical factors in the company's selection criteria. Little did the company know how fortuitous the decision would be.

The first order was built on the Vertique system September 2004. The original system was designed to accommodate as many as 275 SKUs. Today, the Vertique system supports JJ Taylor's over 1200 active SKUs.

The Case for Picking

According to Jay Martin, the initial ROI calculations for automated case picking focused on three areas: reduction in labor costs, pallet savings, and minimizing breakage. When all was said and done, the company's return on investment in automated case picking was realized in just over 3 years. However, some of the savings came from unexpected efficiencies.

After the Vertique system was installed, a reduction in labor was quickly achieved. By automating the case picking area, the company was able to reduce the number of employees in the warehouse by 30. In addition to the reduction in salaries and benefits, JJ Taylor was able to minimize the high costs of turnover associated with the difficult job of manual case picking. Another side benefit of labor reduction due to automation is that case pick accuracy rates improved. The Vertique system picks cases at an accuracy rate of 99.98%.

Initially, however, the company did not necessarily realize the significant impact that "loading by stop" would have on their fleet and distribution costs. Martin says that he went into the project thinking that he might have to add routes due to the fact that building custom pallets to order reduces cases per

pallet, and consequently, reduces truck efficiency. However, those concerns proved to be unfounded as the increased throughput of the Vertique system allowed the company to absorb the time required to build custom cases. Martin was somewhat surprised at the impact that loading by stop had on his routes. As he says, "Loading by stop is so much more efficient, that we were able to save as many as 10 minutes per stop." At the time, most of JJ Taylor's delivery routes had at least 12 stops, meaning that as much as 2 hours per route could be gained per day. What the company decided to do with those 2 hours per day speaks volumes about the company's desire to balance operational efficiency, customer service and the job satisfaction of its employees.

Martin's philosophy was to break these 2 hours saved into thirds. "First, we gave the drivers 1/3 of that time" he says. The goal was, as Martin says, to make driver's "life better." Secondly, the drivers were asked to do a better job and to spend more time in customer's outlets. Lastly, the drivers were asked to take on another stop or two. The result....JJ Taylor improved morale amongst its drivers, increased face time with its customer base, and ultimately increased case volume by 1.4 million cases, all while decreasing the number of routes by 6. "That's", says Martin with a hint of pride, "how you take trucks off the road."



Jay Martin
Vice President of Operations
J.J. Taylor

Scalability.....a Key Driver

JJ Taylor considered a number of factors when choosing an automated case picking solution. In the end, there were two primary drivers that led the company to select a Vertique solution: Scalability and Redundancy. System redundancy ensures that temporary stoppages in any critical pieces of the operation, do not force the entire system to stop. Within the automated case picking area, component redundancy is most evident in the presence of multiple air compressors and multiple palletizers. Scalability of the case picking system, however, is the hallmark of Vertique case picking solutions and has been a key to JJ Taylor's growth. In reality, JJ Taylor never anticipated that SKU proliferation would drive its SKU count to over 1100, but it certainly knew that the business would change and that system flexibility, as well as the ability to easily scale up the system would be critical to long term success.

Vertique systems utilize varying levels of automation based on several factors. The number of current and future SKUs, the percentage of full and layer-picked pallets, and ROI requirements all impact the level of automation in a Vertique system.

The three potential levels of automation within a Vertique system are as follows:

- Fully Automated – Depalletized product is automatically loaded into towers
- Semi-Automated – Towers are manually loaded at multiple levels
- Flow Rack – Low volume SKUs hand loaded into the system

While some systems contain all three levels of automation, JJ Taylor's Vertique system utilizes two of the three levels of automation. Though, the company will consider automated de-palletization and automated tower loading in the future, the system currently utilizes flow rack picking, as well as semi-automated storage tower loading. These

two systems offer ultimate flexibility in the addition of SKUs. The recent success of craft brewers combined with the ability of the Vertique system to easily and cost effectively add new SKUs, have enabled JJ Taylor to expand its range of high margin specialty beers. In 2004, JJ Taylor began operation of the Vertique system with no flow rack positions. Today, the system boasts an impressive double stacked flow rack system which boasts over 800 positions. This system houses highly profitable craft beers, some of which sell less than 10 cases per day, but contribute significantly to the company's overall profitability. It must be noted that the level of automation on a Vertique case picking solution is evaluated on a project by project basis and based on a variety of factors.

True Partnership

Vertique utilizes a combination of technology and "good 'ol fashioned" listening skills to better partner with its clients, enable the sharing of best practices and to continuously improve the Vertique product line. "Verti-vision" is a proprietary, high resolution camera system that enables a client to monitor its operation and also allows Vertique to remotely troubleshoot its clients systems, saving time and money. For years, Vertique has sponsored its annual "Users Conference" where its clients come together to share best practices and offer suggestions for system improvement. Attendance is over 90%.

When asked about the impact that Vertique has had on his operations, Jay Martin is quick to respond. "We have three vendors which we consider true business partners," he says. "Vertique is one of those 3. Without Vertique and its round the clock support, we could never do what we do."

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SKUs, The 250 Club.... and Beyond

In 2003, JJ Taylor belonged to an exclusive club, called the 250 Club. Jay Martin fondly recalls the management meetings each week. If there were 251 SKUs to be produced that week, "We met and decided which one to eliminate."

The scalability of the Vertique solution enabled JJ Taylor to accommodate more and more SKUs, and ultimately allowed the company to meet the needs of an ever-changing market. When it comes to SKU proliferation, the requirements of the North American beer market today are beyond what anyone ever envisioned back in 2004:

In 2004.....

SKUs: 250

Vertique System Configuration:

310 Semi-automated towers
No flow rack positions
2 palletizers
1100 pallets per night

In 2011.....

SKUs: 2500/1100+ active

Vertique System Configuration:

370 Semi-automated towers
820 flow rack positions
3 palletizers
1700 pallets per night

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