



National Association of  
Chemical Distributors



# Public Warehouses: Best Practices in Partnership

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Advancing **Stewardship**, Creating **Connections™**

# Introduction



Your Hosts on Today's Journey



Patricia Noyes – VP of Service Operations



Jared Stadlin – Chief Operating Officer

Quality Comes from



the Center of the Diamond

**Linden Warehouse and Distribution Co., Inc.**



*Profit while going public (warehouse)...*

- **Allows you to focus on your core competencies:**
  - Sales, Marketing, Customer Support and Relationships
  
- **Tap into the 3PL's Economies of Scale**
  - Reduce fixed costs
  - Facility, equipment and labor management outsourced
  - Operating costs are spread among a broad industry base
  
- **Take advantage of variable costing and “scalability”**
  - Grow without the overhead and investment in facilities
  
- **Compliance – Partner to enhance your capabilities**

Now that you see the value...how do you get there?



- Preparation
- Prequalification
- Perform due diligence
- Evaluation and selection
- Start-up
- Best Practices

# Preparation



Develop clear understanding of requirements.

## Product Storage Requirements

- Liquid/dry, carbon black, food grade
- Hazardous, flammable, temperature controlled
- Security or regulatory requirements
- Target stocking levels - current and future

## Handling Requirements

- Inbound/outbound methods
- Repackaging capabilities
- Damaged material handling
- Segregation
- Labeling

## Administrative Requirements

- Geographic location
- Document management (SDS/COA)
- EDI/technology capabilities/which system
- Inventory counts
- Communication/reporting/service/TMS

# Prequalification



Narrow down the potential candidates able to meet requirements\*.

## Capacity

Ability to accommodate current and future stocking levels

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## Capability

Ability to handle and store per product requirements

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## Compliance

An NACD affiliate/candidate or equivalent and/or certifications

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*\*How important is geography to the service or cost goals?*

# Perform Due Diligence



Perform site visit at 2-3 contending warehouses.  
*You get what you **inspect**, not what you **expect**...*

## Walk through

- Confirm basics – what, when, how; look at paperwork
- Capacity – full or near empty?
- Cleanliness – would you show off to customers?
- Robust regulatory and safety compliance
- Door and facility considerations

## Sustainability

- Own or lease (term/ remaining?)
- Staff retention/ tenure/ labor concerns
- Succession plan
- References
- Community and Green Activities
- Insurance and Financial Strength

## Value Add

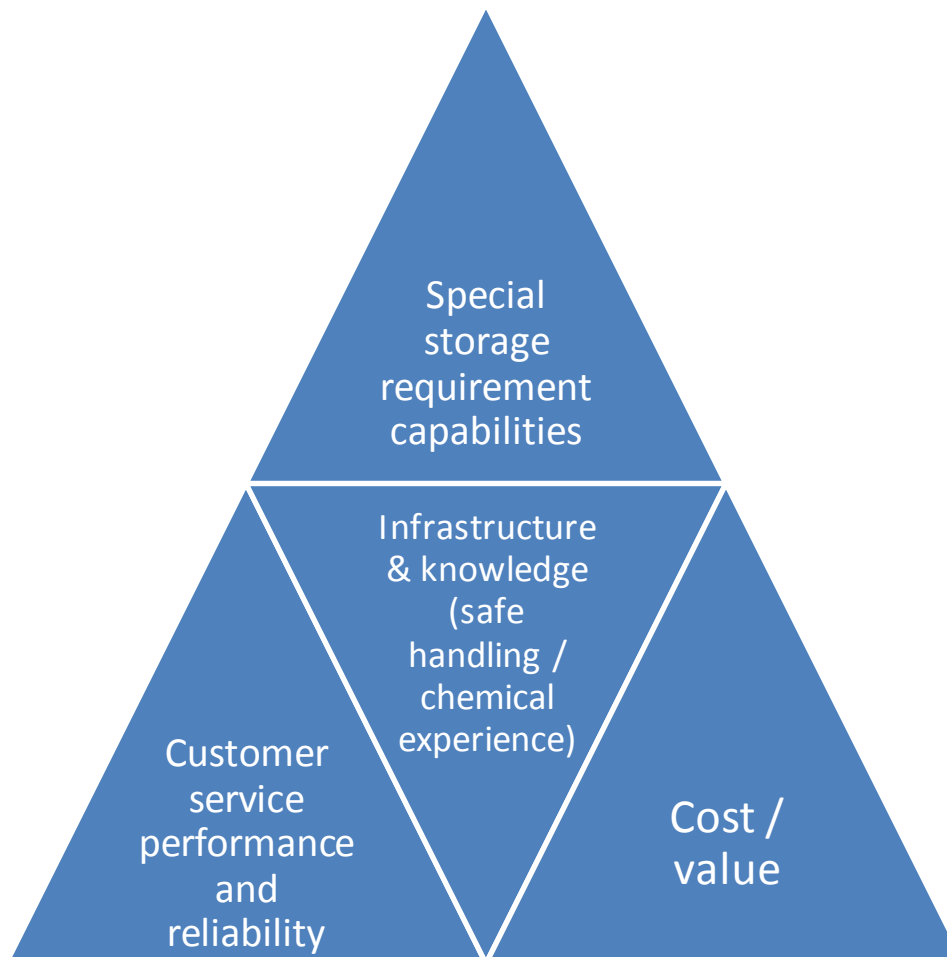
- Continuous improvement/CAPA
- Enhanced efficiency
- KPI monitoring
- Data / market trending
- Freight logistics
- Quality System
- Labeling and Bar Coding Capabilities
- Advance purchasing

*Look for signs of **independent verification**.*

# Evaluation and selection



Look for the Cs: **C**ompetence, **C**apability, **C**ustomer Service, and **C**ost





# You made your choice, now what?



- Final negotiations and rating/pricing
- Contracting
  - Standard Terms and Conditions or a Service Agreement
  - Key Legal Provisions
- Technology and Paperwork
  - Whose forms and system
- Establish KPI's

# Start-up



Getting ready to normalize operations.

## Profile

Contacts for communication and invoicing. Set up ACH or payment.

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## Risk Assessment

Must provide up-to-date SDS and get pre-approval prior to sending materials.

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## Communication and Technology

Finalize workflow and daily contacts.

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# Best Practices for Ongoing Operation



- Set up periodic reviews, calls and visits. Don't wait for issues.
- Reporting – what data do you need to see?
- Be clear about inventory management expectations.
- KPI measurement and reporting
- CAPA – with RCA.

# Any Questions?



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