

VELOCITY VIDEO CASE HISTORY

A DC VELOCITY SPEED CHALLENGE

Raising their spirits

A cordial partnership between the State of Iowa and Ruan assures timely and cost-effective distribution of alcohol within the Hawkeye State.

ONE BUSINESS THAT REMAINED VERY STRONG during the past year and a half of the pandemic is that of alcohol distribution. The State of Iowa experienced this with steadily increasing sales at a time when product variety was also growing.

"We were deemed an essential business during the pandemic, so it was very important that we were able to fulfill our obligations to our stores," says Herb Sutton Jr., chief operations officer at the Iowa Alcoholic Beverages Division (ABD). "The suppliers are very creative in what they provide to the state, and it provides a good opportunity for Iowans to have choice."

Sutton says that sales really began to explode when state law changed in 2011 to allow convenience stores to sell liquor. About five years ago, the state realized it would need some transportation and distribution expertise to meet its growing obligations.

"Our strategic plan is always looking for ways to improve service to our customers," explains Stephen Larson, administrator for the Iowa ABD. "We did not feel that the model that we had then was a sustainable model to meet the needs of our customers as the Iowa marketplace continued to grow in the number of distribution points. So, we made a decision strategically to look at a public-private partnership for the distribution of alcohol."

Larson says they sought a company that had expertise in both warehousing and transportation. The new partner would run the state's distribution warehouse in Ankeny, Iowa, and also transport and deliver orders to the more than 1,850 customer locations that the state currently serves. After an extensive evaluation process, the Iowa ABD found their partner right in their own backyard with Ruan Transportation Management Systems, a Des Moines-based provider of integrated supply chain solutions.

A PARTNERSHIP WITH THE RIGHT MIX

The partnership between Ruan and the Iowa Alcoholic Beverages Division launched in 2019, when Ruan began managing and staffing the Ankeny warehouse that distributes all of the alcoholic spirits statewide. The work includes receiving inventory from suppliers and filling customer orders, which consist primarily of full cases and mixed cases of individually picked bottles.

Ruan also implemented an optimized transportation network using

19 tractors and 29 trailers to deliver all of the orders picked by the warehouse. Ruan continues to optimize the routes within the network to incorporate new customer destinations efficiently. In a typical week, the drivers travel about 18,000 miles to deliver some 58,000 cases of liquor.

Many of the drivers had been state employees but transferred to Ruan employment with the partnership. That helped to provide a seamless transition that maintained



and then exceeded the prior performance levels.

"It was very important for us to have a seamless transition because public-private partnerships can become very public if they go wrong. But the customer-service levels have been really good," says Sutton.

Volumes have also increased. Last year, a 20,000-square-foot warehouse expansion was completed to add storage. The layout of the warehouse is also being redesigned to make picking more efficient. Transitioning to Ruan's warehouse management system and in-house software provided better integration between the distribution and transportation operations. Overall, the partnership has exceeded the expected cost savings.

"The hard costs, which are the distribution costs of transportation and warehousing, are also lower than what they would have been under the prior model," explains Larson. "One of the benefits to the seamless transition is Ruan 'gets it'. I feel very strongly we will have a long-term strategic partnership with Ruan."

To see a video of the operations at the Ankeny distribution facility, go to dcvtv.com and click on the Velocity Video on Channel 2. For information on Ruan, please visit www.ruan.com.