

Forever Direct decides to insource European distribution

An interview with Mr. Martin Zegers, Managing Director of Forever Direct Europe by Marcel te Lindert



Since 2008 all the health and beauty products of Forever Living Products are distributed via an outsourced European Distribution Center in The Netherlands. Two years ago the company decided to insource this operation based on the feasibility study of Groenewout. Next year a brand new distribution center, created in metallic gold, will rise in Roosendaal. "It is our strong belief that the best way to control the quality of processes is doing it ourselves", says Managing Director Martin Zegers of Forever Direct Europe.

For over centuries aloe vera is known for its healing capacities. More and more manufacturers are adding a few drops of aloe vera to their health and beauty products. The products of Forever Living Products are nothing like that. They are fully based on this famous plant, which qualities were already praised by the ancient Greeks and Romans.

Forever Living Products is a perfect example of a vertically integrated company. It has its own aloe vera plantations in the Dominican Republic, Mexico and Texas. The gel that is extracted from the plants is made into drinks, health and beauty products in Dallas and Phoenix. The 300 different products are sold by millions of local distributors in 147 countries; most of them are home-based. They organize their own demonstrations at home or elsewhere and get a fee when they bring in new distributors.

Quality of processes



Martin Zegers

Forever Direct Europe serves as the European Distribution Center (EDC) of Forever Living Products. The operation started in 2008 and was outsourced to DHL in Zevenbergen, The Netherlands. For over three years this logistics service provider took care of the replenishment of the local warehouses in Europe, Middle East and Africa. Almost two years ago Forever Direct decided to insource this operation. "It is our strong belief that the best way to control the quality of processes is doing it ourselves. Because of our business model we have a direct responsibility to our 9.5 million distributors all over the world.

We must be able to supply them every day, everywhere", says Martin Zegers, managing director of Forever Direct Europe.

Forever Direct requested Groenewout to execute a feasibility study for the future EDC in EMEA. The feasibility study provided an analysis of data holding the characteristics of the current operation, including expected growth figures. This report included the analyses of alternative warehouse layouts, based on qualitative and quantitative criteria. The result is a new EDC who will serve 11 countries.

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Page: 2/3
 Our ref.: 9024D255/IS/ld September 2011

The logistic concept of the new EDC was also assigned to Groenewout. The consultants of Groenewout designed the optimal warehouse layout that met requirements of the company.

The business case was presented during spring 2010 and approved by Forever Direct. "Then we started looking for a building that was appropriate for our EDC. We soon found out that the best solution was to build it ourselves. Not only in financial, but also in aesthetic respect. Our new EDC has to look good for our distributors", says Zegers.



Order fulfillment center

The new building will rise on industrial area Borchwerf in Roosendaal, 20 kilometers south of the current EDC in Zevenbergen. CB Richard Ellis supported Forever Direct in the location choice. HVBV Vastgoed will be the real estate developer and will act as tenant of the new EDC. Dedato Ontwerpers and Architecten is the buildings' architect. Everyone who drives along the highway A17 between Rotterdam and Antwerp, will have a clear view on the EDC that will be created in metallic gold with offices in glass. "The image of the building is a reflection of our company: elegant and sophisticated", explains Zegers. The floor space measures 17.000 square meters, of which 1.000 square meters are allocated for offices. Half of the warehouse will be equipped with pallet racking. The full pallets that are stored in this part of the warehouse will be used to replenish the local warehouses. Every day between five and ten full truck loads will leave the EDC. The other half of the warehouse will replace some of these local warehouses. In the future distributors in The Netherlands, Belgium, Luxemburg, France, United Kingdom and the Scandinavian countries will be served directly from Roosendaal. "This part of the operation will be completely different.

Page: 3/3

Our ref.: 9024D255/IS/ld September 2011

No full pallets and full truck loads, but small parcels to much more addresses. According to our calculations we will ship around 7.000 parcels every day", says Zegers.

This part of the warehouse will be set up as an order fulfillment center which will consist of semi-automatic orderpicking with transport- and sortersystems, where picking is based on pick-to-light. When the goods are packed, the boxes will be closed, labeled and sorted automatically.

Zegers: "We will employ around 125 people. A lot of them will do value added tasks like kitting and labeling products in the right languages. We want to postpone these activities as much as possible to keep our inventories low."

Experts

The EDC hasn't been built yet. At this moment HVBV Vastgoed is working in close cooperation with Forever Direct on the request for the building permit. If everything works out right the construction company can start at the end of this year.

Groenewout is also involved in this stage of the project. The consultants are asked to document the business processes and the required IT-functionalities. Groenewout assists in obtaining the building permit and supports the tendering and contracting of suppliers of IT-systems, storage systems and material handling equipment.

Furthermore Groenewout will act as a main point of contact for all the (sub) contractors and monitor the realization of the project. Zegers is very pleased with all the support from Groenewout. "We met them a few years ago when they did an assignment for our logistics service provider. They did a great job on our business case. That's why we asked them to stay involved." Zegers describes Groenewout as a team of experts, knowledge professionals. "They have proved their expertise and have a no-nonsense mentality. We are convinced that they act completely in our interest. We don't see them anymore as consultants, but as members of our team."

Marcel te Lindert

Marcel te Lindert is a journalist with over twelve years of experience in logistics. He was editor-in-chief of the Dutch magazines Transport+Opslag and Logistiek. Today he works freelance for magazines like Supply Chain Magazine, Supply Chain Solutions, Nieuwsblad Transport and Logistiek Totaal.

More information

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