The Company

Founded in 1935, Bardstown, (Kentucky-based) Heaven Hill Brands (HHB) is the nation’s largest independent, family-owned and operated spirits producer and marketer and the world’s second-largest holder of Kentucky Bourbon.

Over the last three decades, through internal product development and strategic brand acquisitions, Heaven Hill has built on its foundation of American Whiskeys to become a broadly diversified supplier of whiskeys, liqueurs, vodkas, rums and other spirits. Heaven Hill’s portfolio includes the world’s second-largest selling Bourbon, Evan Williams Bourbon and category leaders Christian Brothers Brandy, Burnett’s Vodka and Admiral Nelson’s Rum. The portfolio also includes a growing line of leading imported brands from around the world, such as Hpnotiq and Domaine de Canton liqueurs. Likewise, the company has a stable of innovative brands including PAMA liqueur, Blackheart Spiced Rum and Evan Williams Flavours.

The Heaven Hill production facility

Heaven Hill’s major production facility employs around 450 staff in various operational roles: production, warehousing, packaging, engineering, procurement, product development, quality control and assurance, technical support, supply chain, finance and administration.

- The drinks production facility has eight bottling lines, for a mix of glass and PET bottles ranging in size from 50 ml to 1750ml.
- HHB produces c.13 million cases of alcoholic beverages every year.
- The total storage capacity on-site for finished goods is over one million cases.
- The plant ships over 1 million cases per month.
- Heaven Hill has 51 warehouses of aging spirits which store approximately 1.2 million casks of Bourbon, Rye and Corn Whiskey plus Brandy at any time.
- The Kentucky Dept. of Environmental Protection awarded HHB the 2014 Environmental Pacesetter Award for its strides in recycling and conservation of water and electricity.

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HHB selected IFS as their ERP vendor in 2002, and upgraded to IFS Apps 7.5 in 2011. Although the software has been a good fit, the company wanted to enhance its use of IFS.

Bobby Lee and Alan Hoskins of HHB were given an assignment to find a barcode solution that was tightly integrated with IFS. The key attributes were affordability, ease of use, flexibility and configurability by in-house staff. They considered three vendors carefully, then chose the Cedar Bay solution in 2013 to enhance HHB operations, improve timeliness of inventory, receipts and improve shipment accuracy.

Some of the challenges

Heaven Hill operates two bottling line shifts and unloads trucks of empty glass on both. Some of the glass goes directly to bottling lines on a just in time basis. Prior to installing Cedar Bay, the glass received on second shift was recorded on paper for the next day’s first shift to enter in IFS. This caused inaccurate inventory levels in IFS, and required that glass inventory be allowed to drive negative. Also, the annual physical inventory on paper tags required a week of counting followed by additional time to reconcile quantity on hand at year end.

Heaven Hill’s bottling lines require constant re-supply of bottles, caps and labels. Each bottle receives a front and back label and sometimes a neck wrap or capsule. These supplies are pulled from the label room, loaded on carts for each Shop Order, and rolled to the appropriate production line. Label room personnel issue a quantity of labels equal to the number of bottles plus the scrap factor, alongside extras, to be sure the line doesn’t run out. Left over labels are returned to stock in the label room. The quantity is estimated by sight. Heaven Hill was interested in knowing whether the scrap factor is correct and wanted to increase the accuracy of the stock levels. Heaven Hill performs rigorous testing of its products throughout the bottling process, from tank to bottle. Raw materials, as well as finished goods are inspected. Heaven Hill wanted a better method of moving materials to Quality Control locations for further evaluation. Handheld scanner and PC client transactions would reduce paper shuffling and data entry.

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The IFS story

Heaven Hill already had previous experience of barcode scanning in their barrel warehouses. They had seen real benefits in accuracy and reduced keypunch activity and were convinced similar or greater gains could be made in the bottling plant. They were using Intermec CN70e scanners in the barrel warehouses due to need to for intrinsically safe devices. There were no scanners in use in the cased goods production facility so it was necessary to install wireless access points throughout the facility. They chose Intermec CK71 scanners and Zebra 105SL Plus label printers for the Receiving area, the Lab, the Label Room and the Finished Goods warehouse.

Working with Cedar Bay

On his initial visit, Roger Teagle, Director of Cedar Bay, walked through the plan from raw materials through to finished goods with the HHB team to understand the physical environment and understand, at a high level, how the Cedar Bay solution would make a difference. Roger’s extensive knowledge of IFS as well as Cedar Bay was a plus in this evaluation. His recommendations were used to inform the HHB team and create an implementation plan.

After choosing which transactions to deploy HHB created a project team to implement Cedar Bay. The team was led by Kevin Andrew of Supply Chain and Danny Jackson of IT who worked with Steve Barker of Cedar Bay to install and configure the solution ready for testing. Steve provided guidance for configuring modules and making customizations, which were kept to a minimum.

Working with Cedar Bay

Cedar Bay recommended several transactions to improve data capture and solve the issues described above. Fork lift drivers began scanning pallets of empty glass in November 2014. This meant that glass stocks were always up to date. The evening shift noticed the most significant benefits where Cedar Bay’s Inventory Move transaction eliminated the need to drive on-hand values negative on glass parts. The flexibility and ease of configuration of Cedar Bay transactions has allowed HHB to configure this transaction specifically for this activity, so workers can perform inventory stock movements with minimal actions. This activity was well received by the fork lift operators.
The Implementation

HHB started the project with a pilot phase which included the receiving of pallets of glass from trailers. The glass stock on trailers comes from an off-site consignment location, movement was performed using the standard Cedar Bay Inventory Move transaction from a handheld device. This gave real-time visibility of all glass related stock levels and stock locations and has prevented us from driving glass inventory level negative. This phase of the Cedar Bay project also has allowed us to look at the way we manage empty glass and has given us an opportunity to introduce other process improvements in this area of the business.

Cedar Bay provided excellent support to HHB during the piloting phase. Some small functional/cosmetic changes were made to the Cedar Bay software to incorporate some specific HHB requirements. The overall solution design with specific module configurations were fully documented by the Cedar Bay Consultant.

The Cedar Bay implementation has proceeded as planned in phases aligned to infrastructure improvements (Wi-Fi, Construction projects etc.), Union related negotiations and user training.

As a second phase, HHB designed a new operation for Finished Goods using Cedar Bay integrated with PLC controlled palletizers. The palletizer builds a pallet of finished goods and tells Cedar Bay when the pallet is complete. Cedar Bay will then “silently” execute a Shop Order Receipt for the pallet quantity and receive the pallet into an “end of line” location and automatically generate a label. The fork lift truck drivers (FLT) then moves the completed pallets from the “end of line” locations to Finished Goods locations. As a result of this inventory stock levels are always accurate and the transactions are executed in real time.

Next Phase

Heaven Hill is also planning a change to its customer order fulfilment process to take advantage of standard Cedar Bay functionality. FLT drivers will begin picking orders using the Cedar Bay Customer Order Pick transaction on a mobile device to improve shipment accuracy. This process will be further advanced with the introduction of additional finished goods locations for storage of slower moving stock.

Cedar Bay project scope at Heaven Hill brands (HHB):

- Inventory Move
- Inventory Inquiries
- Count per Count report
- Inspection
- Shop Order Picking
- Shop Order Un-Issue
- Purchase Order Receipt
- PO Move to Stock
- Shop Order receipt and label print integrated with palletizers
- Customer Order Pick
- Shipment Handling

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