

FAMOUS FOOTWEAR

OPERATIONAL INITIATIVE

Brown Shoe Company, Inc., a global footwear retailer with \$2.5 billion in sales, wanted to add time savings and cost efficiencies to the process of shipping footwear to its Famous Footwear stores and consumers on the West coast. Famous Footwear is a leading family branded footwear destination, with 1,100 stores nationwide and the e-commerce site FamousFootwear.com. The chain offers consumers more than 80 nationally recognized brands, including Nike, Skechers, Naturalizer, Puma, Steve Madden, Converse, New Balance, DC, Rocket Dog and Carlos by Carlos Santana, and features a broad assortment of toning footwear from brands like Skechers and Reebok. With nearly a third of its retail stores located in the Western part of the US, the company wanted to more efficiently and effectively serve those operations.



Previously, Famous Footwear shipped product imported through the ports of Los Angeles and Long Beach to its Midwest distribution facilities, where shoes were sorted and shipped back to its Western retail locations. As business grew and it became apparent that this distribution model was a less efficient method of serving the needs of customers in the West, Brown Shoe made the strategic decision to open a Western distribution center for Famous Footwear.

The savings on transportation costs alone were a key factor, but this move would also serve to elevate regional sales by offering shoppers important seasonal footwear trends earlier in the season, and freshening assortments more frequently.

The question for Brown Shoe was where in the West was the best location to build and operate a new state-of-the-art distribution facility?

THE TEJON SOLUTION

To assist in the search for the best location for a new distribution center, Brown Shoe enlisted the services of Clayco Inc., a design/build firm specializing in corporate real estate solutions. The Famous Footwear logistics team worked with Clayco executives to find a site that:

(1) was strategically located in an area that could maximize in-bound and out-bound efficiencies; **(2)** had a large pool of stable, qualified and motivated employees; and **(3)** was competitively priced and offered opportunities for expansion.

In short, Brown Shoe was looking for the best combination of logistics, labor and location. The team thoroughly investigated potential sites in California, Arizona, Nevada and Utah, paying particular attention to California's Inland Empire.

After a comprehensive search, Famous Footwear determined that the Tejon Ranch Commerce Center, a master planned industrial/commercial development located in Kern County at the southern end of California's Golden Empire, an area already home to distribution centers for companies such as IKEA, Wal-Mart, Target, Sears, Frito Lay, Nestle and Car Quest, offered a compelling logistics solution, access to a strong regional labor pool, and an attractive location, priced competitively, with entitled land ready for immediate construction.



SINCE OPENING, FAMOUS FOOTWEAR HAS TAKEN 7-10 DAYS OUT OF THE DELIVERY PROCESS AND CREATED SAVINGS WITH BOTH INBOUND AND OUTBOUND SHIPPING.

LOGISTICS

- Tejon's Commerce Center offers efficient inbound delivery of product imported through the Ports of Los Angeles and Long Beach, Brown Shoe's primary import channel, enabling the company to reduce the time and cost of delivering footwear to Famous Footwear stores in the Western Region.
- The Commerce Center offers efficient access to the major transportation corridors and freeway arterials serving the Western States, including Interstate 5, Highway 99, and Highway 58 to Interstates 15, 10 and 40, allowing for efficient outbound service to all of Famous Footwear's approximately 300 retail stores located in the Western part of the US.
- The development's strategic location in central California allowed Famous Footwear to serve all its Northern and Southern California stores, and some in Arizona and Nevada, in a one day truck turn (returning drivers to DC within Federal hours of service); and the rest of the West within a 24-hour period.

LABOR

- Famous Footwear recognized the Golden Empire is home to a qualified, experienced and stable workforce. Warehouse employers at Tejon average a qualified applicant-to-job ratio of 10:1.
- The skilled labor pool within the Golden Empire is built on the foundation of agricultural distribution; with logistics occupations seen as a significant move up opportunity in terms of pay and stability.

LOCATION

- The Tejon Ranch Commerce Center offered a competitively priced site, already entitled, with the added benefit of existing onsite infrastructure and utilities.
- Famous Footwear has room for future expansion on its nearly 24-acre site within Tejon's 1,450-acre master planned industrial park.

- Kern County offered a streamlined and expedited permitting process.
- Famous Footwear's associates and executives would have access to the nearby communities within Kern County, one of California's most affordable housing markets, as well as executive housing in nearby Valencia and Santa Clarita.
- Famous Footwear's location next to Interstate 5 offers the advantage of prominent brand signage viewed by more than 80,000 vehicles passing the site daily, a benefit especially valuable to a retail brand.

RESULTS

Since opening its 350,000 square foot distribution center in June 2009, Brown Shoe is now realizing increased efficiencies in ensuring Famous Footwear stores in the Western part of the US have the right shoes for customers, as well as expediting direct shipping from FamousFootwear.com to its customers in the same geographic area. By upgrading the new facility with an automated sorting system by Fortna, the distribution center opened with an annual capacity of 32 million pairs of shoes and expected inventory turns 17-22 times per year, enabling the stores and website to offer shoppers important seasonal footwear trends earlier in the season. In fact, since opening at the Tejon Ranch Commerce Center, Famous Footwear has taken 7-10 days out of the delivery process and created savings with both inbound and outbound shipping.

By locating at the Tejon Ranch Commerce Center and capitalizing on its strategic strengths in logistics, labor and location, Famous Footwear has met its goal of fine-tuning the efficiencies in its supply chain and providing even better service to its customers in the West.