

December 03. 2012

Shifting logistics into automatic

NJBiz

W&H's highway-like network of automated conveyor belts speeds shipping for its clients

By [Beth Fitzgerald](#)

A modern distribution center is like an indoor highway system, where bar-coded boxes of merchandise — anything from shirts to wine to books — are routed electronically through a network of conveyor belts leading to the loading dock, where the journey to the consumer continues by truck. W&H Systems designs high-tech distribution centers for consumer products companies that want to beat a more efficient path to the customer's door.

Donald Betman says he performs upgrades at warehouses like 'open-heart surgery'; the clients can't afford to idle their processes while W&H installs a system. By the time Black Friday rolls around, 'I have to have all my work done.'



Founded in 1964, W&H Systems has installed equipment in hundreds of distribution centers around the country, including New Jersey's warehouse zone off Exit 8A on the Turnpike. Clients include retailers Talbots, Lord & Taylor and Oriental Trading, and the California liquor wholesaler Southern Wine & Spirits.

As a supplier of capital equipment, W&H Systems is very much affected by the state of the economy and the willingness of companies to invest in process improvements that enable them to grow more efficiently, said President Donald P. Betman.

"We are selling return on investment — people don't buy our stuff unless there is an ROI," Betman said. This year Betman is forecasting a revenue gain in excess of 7 percent in 2013.

He said the wine and spirits business, which represents about 40 percent of his revenue, "is the fastest growing and the least affected by the economy." Retailing is 50 percent of the business, and e-commerce 10 percent.

"We look for companies that need to shave a couple of pennies off their per-item shipping cost, or they need to use their space better to get more stuff in the building that they can ship out," Betman said.

Bob Silverman, senior vice president of supply chain and logistics solutions at Jones Lang LaSalle, said W&H has a good reputation in the industry.

Silverman said many distribution centers still depend heavily on manual labor but the increasing appeal of automation should help companies like W&H. "The trend has certainly been for more and more companies to automate, especially if you are in a competitive situation where the other people in your industry are automated. The customer expectation then becomes that they can turn their orders faster, get more throughput and reduce their costs — so it forces people to automate," he said.

W&H Systems doesn't usually build new facilities from the ground up. Instead, the company typically does what Betman called "open-heart surgery: we do our work while our customers are in business." Retailers earn the majority of their profits from Thanksgiving to January, "so I have to have all my work done and be out of their distribution centers" during those months.

At Port Newark-based Port Logistics Group, W&H Systems created a cross-docking system that speeds the flow of goods to Port Logistics' clients, who include major national retailers. Port Logistics also warehouses merchandise for restocking store shelves as shoppers deplete the inventory, using W&H Systems' "reliable sortation unit" technology — a conveyor belt of orange tilt trays that open up and drop their contents into cardboard boxes bound for each store.

Jeff Wolpov is chief commercial officer for Port Logistics, which has 4 million square feet of distribution facilities in New Jersey, Seattle and Los Angeles. His company acquired the empty 430,000-square-foot building in Port Newark about seven years ago, and W&H designed the entire merchandise management system. Port Logistics has a long-term contract with a major retailer, which Wolpov said enabled him to make the multimillion-dollar investment in the W&H technology. "It has allowed me to play in this arena,"

Wolpov said. "In order to do business with world-class customers, you need to have world-class technology."

Wolpov said the Port Newark facility employs 200 people working two shifts. "If I had to do this without mechanization, I would need double the people. But I would not be able to do it without the technology because it would not be cost effective for my customers. I would not be able to meet the price of my customers and be economical."

W&H's employees include more than 40 electrical, mechanical and software engineers who design the physical system of conveyor, racks and bins — the "muscle" of the system, as well as the information technology "brains" that tells the machines what to do. W&H has begun to expand the staff again: Betman said he recently hired three people and plans to hire several more, most of them engineers.

He envisions a secure future for the distribution center business. "As long as there is no 'Star Trek,' as long as there is no way to beam something from one place to another, they are going to need our equipment."

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