



Case Study: End-to-end Solutions

BP Castrol: Network Optimization

Relocating operations in Arizona, USA.

PROJECT SUMMARY

LOCATION

North America

TMX partnered with BP Castrol on transition management and network optimization, addressing inefficiencies at the Fontana, CA site by relocating operations to a new facility in Surprise, AZ.

Client Challenges

BP Castrol faced cost escalation of their west coast node operation based out of Fontana, CA.

From a network perspective, BP Castrol serves their US customers from three nodes defined as west coast, gulf coast, and east coast.

To address the west coast inefficiencies, BP Castrol developed a business case, supporting relocation from Fontana, CA, to Surprise, AZ. The new Surprise, AZ, facility also enhanced their network efficiency, network optimization, and flow capacity to serve the West Coast with both automotive and industrial products through a consolidated warehouse.

Inefficient supply chain for the West Coast

The Fontana, CA, facility faced numerous challenges, including mounting CA regulations, increased operating expenses, and opportunities with the 3PL operator. This strategic shift was essential to continue satisfying consumer demand, for both DIY (do it yourself – direct to consumer) and DIFM (do it for me – direct through service providers, while optimizing the highest levels of service excellence, coupled with space for future growth.

Product package configurations included totes, drums, pails and quarts of lubricants / greases categorized as Class IIIB commodity products. Prior to the Surprise, AZ, DC these products were shipped from multiple ship points, adding transportation premiums based on geographic proximity.

West Coast – Fontana, CA, suboptimal experience

BP Castrol representatives reiterated their subpar experience with the Fontana, CA, facility which was the pre-cursor to the Surprise DC. The Fontana facility was referenced by the client as a less than desired outcome, specific to pre-go live communications with the 3PL, including limited visibility of transition management and operational readiness.

Approach

TMX engagements focus on building preparedness including transition management and operational readiness.

The strategic partnership with BP Castrol focused on two key engagements:

- Building preparedness.
- Transition management and Operational readiness.

Supply Chain Solutions:

- TMX partnered with BP Castrol to provide commercial and IP support, developing project templates for tracking and reporting progress, establishing project governance – including associated cadence, and providing an overall roadmap based on BP Castrol key milestones. Additionally, TMX was involved with assessing key inputs to the business case to validate assumptions.

Project Management Solutions:

- TMX owned, guided and steered the building workstream for the tenant improvement phase.
- TMX imparted experience in key knowledge areas of the project inclusive of design, permitting and execution.
- TMX was a collaborative stakeholder in transition management and 3PL operational readiness workstreams.
- TMX provided additional support, such as defect management assessments, conducting site visits to monitor project scope, schedule, budget and quality, and cost control of tenant improvement change orders.
- TMX provided global construction expertise to BP Castrol with an E2E approach.
- TMX compiled a master schedule for BP Castrol and reported, monitored and provided actionable plans for risk management.

Solution

- The new DC in Surprise, AZ, went live on the 9th of September. The facility's ribbon cutting ceremony was celebrated on the 13th of November.
- **TMX reduced cost exposure by 20% on tenant improvement change orders.**

“TMX stepped right in as our project was completing the bid phase. TMX provided valuable warehouse expertise and experience for the overall project plan, engineering, and operational readiness to enable our project milestones and success.”

David Burns – Castrol Logistics & Warehouse Manager