



CAPACITY FOR SERVICE

CAPACITY LLC HAS GROWN INTO A LEADING MID-SIZED PROVIDER OF WAREHOUSING AND THIRD-PARTY ORDER FULFILLMENT SERVICES FOR DOMESTIC AND INTERNATIONAL CLIENTS.

MARKETPLACE

Long gone are the days when warehousing and third-party order fulfillment companies could rely solely on labor, square footage and transportation to meet their clients' needs. Capacity LLC continues to adapt as its clients have, and today the company offers a suite of services that help its customers grow in a rapidly changing marketplace.

"The focus of our niche is technology and adding value to the product, so we're helping free

"You can't just implement cGMP SOPs for one client – it must be company-wide. It forced us to raise the levels of our game and allowed us to keep the business."

—Thom Campbell, chief strategy officer

our clients to focus on product development, marketing and executing business goals," says Thom Campbell, chief strategy officer for Capacity LLC. "We have worked with companies that were fairly small at inception and provided them the kind of expertise they didn't have internally or never really wanted to cultivate."

Campbell joined forces with father and son engineers Jeff and Allen Kaiden and CFO Arlen Fish in the 1999 to form Capacity LLC. The startup company landed Netgrocer.com – an online grocery store – as its first client, managing the customer's warehouse in North Brunswick, N.J.

Capacity LLC's management team realized from inception that Netgrocer.com had more space than it needed, so Capacity LLC offered to rent out the warehouse for its own business, shar-

ing profits on new clients. By 2003, the company was fully operational and assumed the lease for its first warehouse in New Brunswick.

Today, Capacity LLC's New Jersey campus consists of three facilities – two are 130,000 square feet apiece and a third is 165,000 square feet. The company also has a location in City of Industry, Calif., which is 25 miles east of Los Angeles, and a sales office in New York City.

Capacity's services include EDI and e-commerce order fulfillment, pick, pack and ship, client services, B2B fulfillment, B2C fulfillment,

3PL solutions, international fulfillment, kitting and assembly, returns management, and reduced shipping costs.

Rapid Response

In today's logistics industry, clients and vendors alike must be increasingly flexible to keep the bottom line improving. In order to stay on top of the latest needs for its clients, Capacity LLC meets regularly with them to determine the next facet of their partnership way before it is needed. Campbell says these meetings occur at least quarterly.

"We listen very carefully to what's important to them and what they need to do in order to succeed," Campbell says. "If we forget we're a service provider in a customer service industry, we will lose sight of how we do what we do well."

This is particularly important for a medium-sized player in an industry with stiff and large competition. Therefore, Capacity LLC pays close attention to the larger concerns clients have with their supply chain. For example, CEO Jeff Kaiden spent three days at the Foundation for Strategic Sourcing conference in Lexington, Ky.

"Participating in groups like that, you get to hear from larger, more robustly provisioned companies 10 times or larger than our size," Campbell says. "Also, there are areas where they are not as nimble as us, and areas where we can be more responsive. Understanding how to differentiate yourself within your niche is a key to growth in a highly fragmented industry like ours."

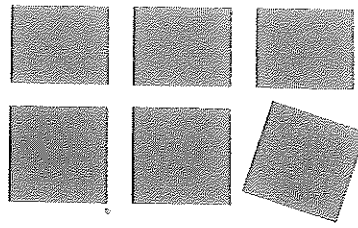
Capacity LLC doesn't limit its active listening to its clients and peers in the industry. Campbell says the company will listen to truckers, packaging providers and any of its vendors who can help Capacity LLC gain any edge possible.

"By being very active students of everything that is happening in the industry, you can learn a great deal," Campbell says.

One such partner is Corporate Resource Services, a recruiting a staffing provider that Capacity LLC has relied upon for over 10 years.

"For more than a decade CRS has been a key partner to Capacity in the areas of HR, training and flexible labor," Campbell says. "On a corporate and on a relationship level, they are a tried-and-true partner, having remained with us through numerous corporate actions driving their impressive growth.

"They have helped us enhance safety, and



CAPACITY



© CFO Arlen Fish, CEO Jeff Kaiden and Chief Strategy Officer Thom Campbell joined forces in the 1990s to form Capacity LLC as a warehousing and third-party order fulfillment company.

Capacity LLC

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worked on site daily to help elevate our floor teams' performance and integration into the company," Campbell adds. "They have helped us to create and perpetuate a corporate culture that is truly can-do, passionate about our work on behalf of our clients, and deeply resourceful."

Stepping Up

Capacity LLC learned a great deal from one of its largest clients in a short amount of time to keep up with some rigid quality standards. About five years ago, Johnson & Johnson acquired Greek health and beauty manufacturer Korres Natural Products. The initial concern was Johnson & Johnson would end the relationship with Capacity LLC, but after the health product giant saw Capacity's expertise in shipping to the beauty industry firsthand, it instead brought Capacity up to speed with its own standards

required to be one of its providers.

According to Campbell, becoming a Johnson & Johnson provider includes obtaining certifications, registrations and submitting facilities to number of quality audits. This includes becoming certified in current Good Manufacturing Practices (cGMP) enforced by the U.S. Food and Drug Administration, providing detailed standard operating procedures and other areas of quality control.

Campbell says Capacity LLC already had plenty of quality control measures in place along these lines before Johnson & Johnson became its client but the higher bar Johnson & Johnson sets for its providers took Capacity to a new level that now benefits its other clients.

"You can't just implement cGMP SOPs for one client – it must be company-wide," Campbell says. "Therefore, our HSN assembly process for Korres was an immediate benefit to Tarte Cosmetics, Weleda and all our other clients looking to Capacity for value-added services.

"It forced us to raise the levels of our game and allowed us to keep the business," Campbell adds. "When you learn from a company like Johnson & Johnson, there are benefits accrued across the business."

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