

TEJON INDUSTRIAL COMPLEX CASE STUDY: ONEIDA



Oneida Location at Tejon Industrial Complex

SITUATION

In the face of a globalizing industry, Oneida Ltd. needed to completely retool its operating structure to remain a leading brand in its field.



In continuous operation since 1880, Oneida Ltd. is one of the world's best-recognized brands in the design, manufacture and sourcing of quality flatware and dinnerware. But as the 21st Century approached, Oneida recognized a growing threat; one that if left unchecked, could end the company's storied 125-year history. The reality of the global economy had arrived and forever changed the way the industry and the company would do business.

During its remarkable history, Oneida's products had been manufactured at its American factories. But with the growing quality and quantity of competitive brands, that outsourced manufacturing to China and other emerging economies, Oneida found that its direct manufacturer model was struggling to compete based on superior quality alone. The company was now competing solely on cost and began to lose significant market share to its competitors.

In late 2004, Oneida began the strategic reorganization of its business model to better compete in this new economic landscape. The company sold its stateside manufacturing facilities and began sourcing its product from the top manufacturers in China. This change required the company to master a new port-centric and logistics-driven business model. The key to Oneida's success would be to find a new operating site on the Pacific Coast, near a major port, that featured supporting strengths in logistics, labor and location.

SOLUTION

Oneida selected TIC for its strong local labor force, proximity to the Ports of LA and Long Beach and a central California location that provides efficient distribution to all of the Western States.



After a thorough analysis of port-centric industrial regions on the west coast, the logistics team at Oneida decided on Tejon Industrial Complex (TIC) and central California for its new 244,141 square-foot Western Distribution Center. Its comparative analysis of the established industrial corridors in Southern California proximate to the Ports of LA and Long Beach highlighted the benefits of TIC:

- TIC offers efficient inbound movement from the Port of Los Angeles, Oneida's primary gateway for imported product from its Pacific Rim manufacturers.
- Oneida was able to commence operations in a state of the art, existing facility within 90 days from lease signing.
- The Kern County region is home to a qualified, experienced and stable warehouse workforce. Warehouse employers at TIC have averaged an applicant-to-job-ratio of 10:1.
- Oneida was able to utilize the Career Services Center, a public-private entity that administers job incentives and specializes in recruiting qualified employees, to quickly hire its workforce.
- Oneida's employees have the opportunity to live in the growing communities of greater Bakersfield, which is California's most affordable housing market.
- TIC's lease rates and utility costs would provide Oneida further bottom line operational savings for a competitive balance sheet.
- Oneida has the ability to expand within TIC's 1,450 acre master planned industrial park where buildings are planned from 20,000 to 2 million square feet.

RESULTS

Oneida has successfully transitioned to its new outsourced production model, has reduced its operating costs, improved lead-time for customer fulfillment and created strong links to its Pacific Rim manufacturing partners from its new west coast location.

Since opening its Western Distribution Center, Oneida has established the foundation for its new outsourced, logistics-driven operating model at TIC. Combined with its new relationships with the top manufacturers in China, the company sells the same high-quality flatware and dinnerware, but now at competitive prices. By late 2006, the company had successfully completed its reorganization and regained its position as a leader in the industry.

Through the utilization of the Career Services Center, Oneida realized substantial savings and workforce incentives. Oneida's local labor force is exceeding expectations, with very little attrition; the Kern County employees of Oneida have demonstrated that they are loyal, conscientious and hardworking.

In addition, Oneida has experienced significant freight savings and improved its lead time by 15 to 20 percent. By locating at TIC and capitalizing on its strengths in logistics, labor and location, Oneida is once again thriving.

Barry G. Hibbard
bhibbard@tejonranch.

www.tejonranch.com/tic
Tejon Industrial Complex
P.O. Box 1000
Lebec, California 93243
661.248.9000

