



Medifast successfully addresses customer service challenges with support from Alpine Supply Chain Solutions



Medifast is a global company renowned for its health and wellness community, OPTAVIA. OPTAVIA offers scientifically developed products, clinically proven plans, and the guidance of independent OPTAVIA Coaches to help customers achieve lifelong transformation through healthy habits. With a growing base of over 2 million customers, Medifast faced challenges in scaling its operations to meet increasing demand.

The Challenge ▶

As Medifast's revenue reached \$1 billion in 2021, the company struggled to keep up with customer service demands. Order backlogs extended to 15 days, posing a significant challenge to maintaining customer satisfaction. To improve customer service, Medifast set an ambitious goal to streamline its order processing time from "cart to curb" to 48 hours. Seeking expert assistance, Medifast engaged Alpine Supply Chain Solutions.

The Solution ▶

Alpine Supply Chain Solutions promptly responded to Medifast's request for support, arriving at the HDG Distribution Center (DC) within two days of the initial call. The HDG DC, one of Medifast's four domestic DCs and the location primarily responsible for shipping direct to consumer orders, faced operational disruptions due to unexpected managerial staff turnover. Alpine took charge of leading the team while assessing the existing operations and formulating a comprehensive plan to expedite order processing.

Alpine quickly identified several immediate opportunities for improvement including:

- **System Up-time:** automated systems were not functioning as they should to keep orders flowing out the door.
- **Inventory Slotting:** a new slotting plan was needed to better support picking and replenishment and ultimately drive greater labor efficiencies.
- **Labor Utilization:** the dependency on temporary labor needed to be reduced by "right sizing" full-time labor to actual volume.

Alpine broke their support into three phases.

During the initial phase, named "Staff Augmentation," Alpine filled the leadership gap left by departed senior site leaders for three months. The team continued to observe operations, identify improvement opportunities, and support the remaining leadership team. Additionally, Alpine collaborated with Medifast to develop an inventory slotting plan, which would be implemented alongside the onboarding of a new Director of Distribution in the coming months.

Upon the appointment of the new Director of Distribution and the implementation of the slotting plan, Alpine transitioned to Phase 2. During this phase, the focus shifted to three critical deliverables: increasing order processing capacity from 150 to 300+ orders per hour, reducing labor requirements, and aiding in the hiring and onboarding of an Inventory Control Manager. Despite another managerial departure during this period, the team persevered, successfully achieving all three deliverables.

The operating plan implemented during this phase reduced shifts and associated headcount, resulting in an annualized cost savings of approximately \$6.5 million. Furthermore, the site's productivity increased steadily, surpassing the goal of 300 orders per hour.



In Phase 3, Alpine continued to provide oversight for the DC, including supervisory production support and maintenance direction due to other staff departures. They also assisted the new Inventory Manager in preparing for the annual physical inventory and created a business case for carton erector automation. Despite ongoing staffing challenges, Alpine's support ensured the smooth operation of Medifast's distribution center.

The Results

Alpine's onsite support spanned 10 months and facilitated Medifast's successful order fulfillment improvements during a period of significant staffing transitions. From the outset, Alpine assumed a leadership role, providing valuable recommendations to enhance order management and customer service. The collaboration between Alpine and Medifast resulted in several notable achievements, including:

- **Meeting the "cart to curb" order processing requirement of 48 hours, with the potential to reduce it to 24 hours.**
- **Doubling the D2C operation's output, leading to increased customer satisfaction and revenue growth.**
- **Increasing finished goods storage capacity by approximately 25% through optimized warehouse layout.**
- **Estimated annualized financial savings of approximately \$10 million. full-time labor to actual volume.**

Looking ahead, Medifast plans to implement a new Warehouse Management System (WMS), with the intention of replicating the success achieved with Alpine's support across its network of distribution centers.

Through Alpine Supply Chain Solutions' expertise and strategic guidance, Medifast successfully addressed their customer service challenges.