provider of health care consumer products. Westminster maintains regional offices in Europe, Latin America and the Pacific Rim to support overseas manufacturing and distribution.

Westminster's domestic operations consist of three separate but wholly owned companies that each manufactures and distributes unique product lines. Decentralized management has been a proud historical tradition at Westminster. According to President Jonathan Beamer, the policy of maintaining unique and independent companies encourages responsibility, self-ownership of the product development and marketing process and provides the incentive for entrepreneurial management. Westminster's products are marketed through a network of diverse retailers and wholesalers. Trade class as a percent of sales is 37 percent grocery, 20 percent drug, 35 percent mass merchandise and 8 percent miscellaneous. All three companies sell and distribute products to several of the same customers.

Westminster Today

Pressure from domestic and global competitors, as well as large domestic Westminster customers has recently forced the company to reevaluate their traditional supply chain practices. In particular, attention has focused on the changes that customers are demanding as well as other operational modifications in current practice that management feels are required to effectively compete in the 21st century marketplace.

Westminster just completed several months of extensive study focusing on their customers' current and future supply chain requirements. The findings addressed a variety of issues, but two key topics were identified: (1) customer composition and, (2) customer service requirements.

The most significant trend with regard to customer composition over the past decade has been the growth of key customers into very large accounts. Mass merchants now account for 35 percent of total corporate sales volume and have become the fastest growing category of trade. All three companies sell to this category of trade. This trend is expected to continue into the foreseeable future. The major shift in the mix of accounts is not expected, however, to dramatically alter the historical composition of product sales. Approximately 70 percent of domestic consumer sales volume is concentrated with 10 percent of Westminster's customers. What may affect the composition of product sales to large retail accounts, however, is the rapid growth of private-label nonprescription drugs and consumer health competitors. Cost-efficient private-label manufacturers offer large retail accounts higher profit margins, and willingness to provide private labeled products. The private-label health and beauty aids business sales exceeded $5 billion in 2008.

The second research conclusion confirmed senior management's belief that these large accounts have an increasing commitment to improved supply chain efficiency. To maintain and increase the percentage of sales volume Westminster generates from these important customer accounts, management has identified several key customer service improvements. These improvements specifically address the second issue of customer service requirements. Company research has also concluded that the formulation of supply chain collaborations between Westminster and its large customers has now become a competitive necessity. In many instances, powerful retailers demand such collaboration and oftentimes have the leverage to dictate relational arrangement. Westminster will have to maintain considerable flexibility in order to develop unique supply chain solutions for a variety of large, powerful customers. Ideally, Westminster would like to establish a position of leadership within these collaboration arrangements.

Westminster's management is well aware that successful retailers and wholesalers are focusing strategic effort on more timely, efficient and accurate inventory delivery. Many large firms have identified their supply chain management capabilities as a primary