

PROFILE

With 50 years in the business, **VARGO® maintains its core commitment to customers** while staying on the cutting edge of technology.

BY ERIN INGRAM

VARGO is a leading provider of material-handling systems integration, warehouse execution software and equipment solutions for major fulfillment and distribution centers. VARGO works with retailers, manufacturers, wholesale and e-commerce distributors to streamline their material handling operations and maximize efficiencies.

Standing By Its Core Principles

VARGO was founded in 1971 by Julius and Mary Ann Vargo. The couple launched the company in their garage with a card table, catalogs to place orders, and essentially going business to business to make sales. Begun as a family business, VARGO remains true to its roots today. Michael Vargo, son of Julius and Mary Ann, has been deeply involved in the company for over 30 years and is the current CEO, while daughters Julie and Sharon have both supported the company through sales and administrative roles over the company's history.

Today, VARGO has grown to employ 80 associates with three offices in Ohio, and a presence in Austin, Texas and Berkeley, California.

VARGO has experienced large shifts in the material handling industry over its 50 years in business. The company has weathered these changes by sticking to its four core operating principles: Stand by our work; Execute professionally; Do what's right; Deliver as promised. As the industry has shifted and client needs have changed, VARGO has maintained these core operating principles, and focused on providing best in class service to their clients.

Thriving in a Changing Landscape

As VARGO's clients have grown and begun to demand more sophisticated material handling solutions, VARGO has grown alongside them. Today, Vargo still offers a full complement of material handling equipment like it did in 1971, but has also brought in sortation, robotics, and a proprietary software system, COFE (Continuous Order Fulfillment Engine), which particularly sets VARGO apart from its competitors in the e-commerce space. COFE was the first and remains the most advanced Warehouse Execution System today. Bart Cera, President and COO, explains "we've taken lean manufacturing principles, associated those and used them to build our software for our distribution model." VARGO's system synchronizes and sequences all the work in the fulfillment center to maximize efficiencies and keep operations moving at a high level of productivity continuously throughout the entire day. Similar to lean practices, it focuses on creating a smooth fulfillment process that removes unnecessary touches and unnecessary

equipment commonly found in more traditional and wave-based operations.

Through all the changes over the years, VARGO has remained not just a supplier to its clients, but a partner and thought leader. Cera explains that Vargo's process is not to be an order taker for their clients, but instead to focus on what the client truly needs, understand their budget, and then assess the best process before determining what equipment will help the client meet their goals. Cera notes "Vargo has really built our reputation on taking care of our clients and doing what's right. Our mantra is, if we do what's right and continue to lead the industry in thought leadership then everything will take care of itself, meaning our clients will see little reason to look for other providers."

The Shift Towards Technology

Over the last 50 years in business, VARGO has seen a large-scale shift towards embracing technology and software among its clients. "From our standpoint, the industry previously viewed distribution as overhead," says Cera. "They just threw labor and muscle at it to get product out the door. Now, that's given way to software, higher level automation (goods-to-person) and robotic solutions." This change in perspective has been pushed even more to the forefront by the shortage of labor across the country. Companies are searching for ways to avoid the hiring crunch, and instead looking to technology to manage their distribution processes. As a result, VARGO now finds itself doing a lot more analysis of technology solutions and alternatives for their clients, and applying those solutions and integrating them into the client's existing systems.

While the trend towards high-speed and high-accuracy delivery to the consumer was already well underway, Cera believes that COVID jumped that

shift forward a good five years, and has forced everyone in the industry to up their game and be ready to compete in this high demand e-commerce space. The pandemic has especially put the spotlight on VARGO's specialty, e-commerce fulfillment. VARGO's system allows companies to compete with the "Amazon effect" of same-day order fulfillment and speed to door, giving clients that otherwise might never be able to compete with giants like Amazon the chance to step up and grow their businesses. Cera says that while their e-commerce system business was already successful, "the demand for our solutions has grown incredibly especially in high-volume facilities needing to produce 150,000 to 1 million units per day."

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VARGO is working to keep pace with this increased demand for its products, while at the same time trying to manage a workforce that has gone significantly virtual at times. "While we're trying to automate solutions to remove labor and address hiring challenges, the skillsets needed for our particular industry aren't plentiful," says Cera. To address this challenge, VARGO is beginning to work closely with colleges and universities that have programs that match the skills the company is looking for, and actively recruiting from those campuses. The company is also re-thinking how it onboards new hires in a remote environment, with the focus on getting new hires up to speed as soon as possible, and ensuring that

they feel they are contributing to the company as well.

The Road Ahead

Looking forward, Cera expects to see faster and faster adoption of high-level automation and robotics. Cera points out that the field of robotics is growing rapidly, and many new companies are creating products without a clear business application. These companies "are looking for a company like VARGO to apply their product in a real world problem solving application" says Cera. Vargo is prepared to evaluate these future robotics technologies, and to determine if and how they fit into clients' systems and designs.

Cera also sees this rapid growth in robotics as an opportunity for Vargo to partner closely with companies that share its core values. Cera believes that to thrive in the new landscape, it is critical that VARGO align itself with companies that can provide services that are outside VARGO's core scope of work. "We do not believe any company can be the best at everything," says Cera, "it is critical that we align ourselves with others who are the best at what they do." For example, VARGO partners with companies like Kindred, Zebra (formerly Fetch), and OPEX to provide some of these technologies to clients who are focused on higher level automation and robotics. "We're only as good as our partners," says Cera, "we have to align with companies that fit our culture and our core operating principles we try to live by."

VARGO is preparing to take on the challenges of the future by ensuring that their team is comprised of people focused on improving the processes of distribution and fulfillment. "The key is passion," says Cera. "We're always looking for folks who are interested in doing things better." With this attitude and the core values to match, we can expect another 50 years of business success for VARGO. 