

WAREHOUSING AND DISTRIBUTION

Streamlining warehouse operations was a calculated success for leading technology company

Challenge

Tough retail environment
Narrow window for product distribution
High customer demand for retail support, customization

Solution

Enhanced distribution center operations
Improved warehouse management system
Brought final assembly closer to point of consumption
Introduced multiple value-added services

Results

- ↑ Improved system performance
- ↓ Reduced cycle times
- ↑ Improved forecasting
- ↓ Reduced headcount
- ↑ More than \$135,000 in savings



Everyone knows the distribution challenges during the holiday rush. Product availability at this time of the year can mean the difference between record sales and dismal profits for a company.

But for one manufacturer in the technology field, the back-to-school season is most vital to success. This Exel customer enjoys the majority marketshare in the calculator market. To maintain this leadership position, it was critical for the company to ensure product was available and on retailers' shelves before and throughout the peak sales period. This, combined with increasing pressure on stock price and margins, created a tough environment.

→ The Challenge

For this customer, managing the supply chain was a constant balancing act between maximizing delivery and inventory accuracy, complying with retailer expectations and controlling costs.

Each retail customer had specific demands regarding how products should be delivered to their distribution centers. The challenge was meeting retailers' specific packaging requirements and delivering the product within their defined windows. Plus, many retailers expected more than distribution — they wanted exclusive point-of-sale displays and other extras to enhance in-store offerings.

"Our customer's window to deliver back-to-school products to its retail customers in the United States and Europe was terribly narrow," said Brian Locasto, Exel's senior director of operations for the technology industry. "Plus, it was cost prohibitive to stock product for each retailer, and the timing was too tight to send the materials to a packaging facility."

In addition, many of the inbound parts were coming from overseas. The company needed the flexibility to manage these shipments and fulfill highly customized orders from multiple retailers.

The customer needed an innovative warehousing and distribution solution that not only met retailer expectations, but also streamlined an increasingly complex supply chain.

→ The Solution

Exel's solution enhanced operations at the customer's existing distribution center in Texas, and created a seamless process from inbound receipt of materials through delivery to the retailer.

"We started by improving the warehousing system to provide complete supply chain visibility to both inbound and outbound orders. We also supplemented staff with associates dedicated to a wide array of value-added services," Locasto said.

This was followed by designing and implementing new light manufacturing and packaging services including pallet breakdown and split pack capabilities. Performing these functions on-site allowed the customer to postpone packaging until the last possible moment before



Technology

Warehousing & Distribution

“We started by improving the warehousing system to provide complete supply chain visibility to both inbound and outbound orders and supplementing staff with associates dedicated to a wide array of value-added services. By co-locating the warehousing with light assembly and packaging, the customer was able to save more than \$135,000.”

-Brian Locasto,
Exel's senior director
of operations for the
technology industry

delivering the goods to the retailer. Within the existing facility, the team was now able to repack products into individual retail units and prepare them for point-of-sale displays designed specifically for individual retailers.

To prevent heavy charge-backs for failing to comply with retailer packaging requirements, Exel implemented a global quality assurance program. The system monitored the delivery process to ensure all shipments arrived within their delivery window. It also added inbound quality checks to ensure compliance with each retailer's specific guidelines.

To round out the solution, Exel implemented a reverse logistics process that allowed the customer to capture the value of unused products and place them back into the supply chain.

→ The Results

“By co-locating the warehousing with light assembly and packaging, the customer was able to save more than \$135,000,” Locasto continued. The custom packaging and reverse logistics services not only improved customer relationships, but they also reduced cycle times and increased speed to market.

The customer also received:

- Better prices on services and supplies through Exel's existing procurement contracts
- Improved supply chain visibility and system performance through IT system enhancements
- Reduced transportation costs by better utilizing freight contracts
- Reduced headcount by streamlining processes
- Increased customer satisfaction



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