

SUPPLY CHAIN INTEGRATION



NIKE TEAMS UP WITH DHL SUPPLY CHAIN IN BRAZIL TO IMPROVE SERVICE AND REDUCE COSTS

Nike, the world's best known global marketer of athletic footwear, apparel and equipment, operates in more than 160 countries, has \$19 billion (U.S.) in annual sales, and is supported by 30,000 employees. To ensure its growth in Brazil would be a slam dunk, Nike teamed up with DHL Supply Chain 13 years ago to integrate and provide visibility to the company's supply chain operations.

With the World Cup coming to Brazil (again) in 2014 and the Olympics in 2016, Nike's operations there are poised soon to become one of its largest in the world. DHL Supply Chain has been a close partner to Nike in this success, due in large measure to supply chain integration that ensures high levels of customer service and the ability of the local team to help Nike understand the market and needs of its retail clients.

THE CHALLENGE

Today, Nike's business in Brazil is growing rapidly, mirroring the Brazilian economy. As part of its strategy to continue rapid growth, every three months, Nike introduces a new line of products, creating peak volumes on specific launch dates. This seasonality demands supply chain flexibility and visibility to ensure product launches are managed efficiently and cost effectively.

"We receive products from hundreds of factories worldwide and deliver them to thousands of stores across Brazil. That being said, we have a very complex supply chain. The only way to succeed is to work closely with reliable supply chain partners — whether they are suppliers or retail clients. That is the only way we will be able to reach every athlete worldwide to ensure their complete satisfaction," said Leonardo Silvério, national logistics manager for Nike.

Challenge

- Integrate supply chain to support rapid growth projections
- Reduce logistics costs without sacrificing service levels
- Improving service, traceability and delivery conformity
- Meet peak volumes

Solution

- Implemented integrated logistics solution that responds dynamically to order requests from Nike
- Utilize sophisticated order management and fulfillment systems and processes, integrated route and shipment planning, and delivery service excellence
- Trained and motivated the work team

Results

- Reduced overall supply chain costs
- Achieved 100 percent of 2010 World Cup marketing initiatives
- Implemented new warehouse management system without service disruptions
- Significantly increased service levels
- Exceeded performance expectations

“The traditional logistics model that manages each aspect of the supply chain independently does not provide the best results,” said Marcius Braga, director of transportation, DHL Supply Chain. “Using an integrated logistics model, on the other hand, relies on systematic, detailed analysis of all logistics processes to make decisions based on knowing the alternatives, various combinations and trade-offs. Gaining all the benefits of this approach is only possible if all supply chain players are integrated.”

Nike’s goals in integrating its supply chain included:

- Reducing logistics costs without sacrificing service levels
- Leveraging technology
- Improving service, traceability and delivery conformity
- Controlling variances
- Meeting peak volumes

THE SOLUTION

DHL Supply Chain worked with Nike and all partners in the supply chain to implement an integrated logistics program that responds dynamically to order requests from Nike using sophisticated order management and fulfillment systems and processes, integrated route and shipment planning, and delivery service excellence. The solution also included investing in technology, defining processes, and training and motivating the work team. Specific components also included:

- Monitoring products at every stage in the warehousing and distribution process through radio frequency.
- Real-time management that provides visibility to current operational status through a television in the warehouse, which motivates associates and creates healthy competition between departments.
- Assembling products in accordance with the retail customer’s request (size, color, model, quantity).
- Labeling or placing alarms on products so they are delivered to the retailer ready for sale, including the price or bar codes to be used for store inventory control.
- Pre-shipping inventory identification labels showing delivery specifications to be followed by the packer and delivery team, decreasing the number of errors.
- Valuing the person who interfaces with the retailer directly, such as the delivery person.
- Transmitting information in real time when the delivery is accepted or rejected.

- Conducting satisfaction surveys of client stores and distribution centers, which aim to ensure expectations are met, address issues and identify opportunities to improve service.
- New reverse logistics process designed in collaboration with retail customers.

THE RESULTS

The partnership between Nike and DHL Supply Chain established an integrated supply chain solution that has supported Nike strategically and tactically as business has increased. Specific results included:

- Reduced overall supply chain costs
- Significantly increased service levels
- Outperformed expectations in 42 categories including inbound, outbound, picking and shipping, among others, within first 45 days of operations
- Achieved 100 percent of 2010 World Cup marketing initiatives
- Implemented new warehouse management system without service disruptions

“Trying to optimize the supply chain in pieces is an exercise in futility. Full integration is the path to strategic business growth.”

Leonardo Silvério,
national logistics manager, Nike

Growing your business in emerging markets requires fine tuning the supply chain to operate efficiently and cost effectively. Contact DHL Supply Chain today to discuss how we can help you successfully integrate and operate your supply chains regionally and internationally to support business growth.

For further information

Contact Our Retail Experts:
marketing.dsc@dhl.com

