



## Consumer Products

## Efficient Warehousing and Distribution Supports Consumer Products Company Canadian Growth

### ***Kuehne + Nagel solution allows flexible handling of volumes spikes***

#### SITUATION

A leading maker of consumer products manufactures all product destined for the Canadian market in the U.S. and ships it to Canada for distribution to mass retailers such as Wal-Mart, Zellers and Costco, as well as supermarket chains. The company's market is competitive and cost sensitive, so distribution success requires that it use a first-in, first-out (FIFO) method that moves high volumes of product to market quickly at the lowest possible cost. In 1999, the manufacturer chose Kuehne + Nagel to handle its Canadian warehousing and transportation for customers in Toronto and Eastern Canada.

#### SOLUTION

Kuehne + Nagel has developed an efficient process to receive, put away and ship goods within a 140,000 square foot dedicated warehouse, all in accordance with the customer's lot-control requirements. Upon receipt of truckload shipments, goods are checked for damage and the quantity verified. Lot-code labels, including month and year of manufacture, are generated by the warehouse management system and affixed to each pallet prior to putaway. The warehouse configuration supports a natural rotation of stock as inbound truckload quantities are equal to one row of storage. Daily pick and putaway locations correspond to a simple aisle rotation schedule, supporting a facility focus on high inventory turns.

Certain product arrives at the warehouse unreleased and must be held pending clearance from either the customer, which tests samples of anti-bacterial products, or an independent laboratory in Canada, which tests products with a drug identification number (DIN). DIN product records are kept on site for possible audits by Health Canada. Kuehne + Nagel's system allows lot-level traceability in the event of any product recall.

Kuehne + Nagel manages all outbound transportation, making appointments for an average 15 outbound loads daily. Providers use a Kuehne + Nagel-developed routing guide that is programmed into their transportation management systems.

Value-added services include repacking of damaged cartons using corrugate that is stored on site. Repacks and cycle counts are done on lower-volume days to drive labor efficiency. Another added service is pallet tracking: Kuehne + Nagel matches its records with that of the pallet provider, Chep, and notes any discrepancies to the customer.

Volume spikes are a regular occurrence for this manufacturer, so a flexible logistics solution is essential. Space requirements that exceed the customer's dedicated space are accommodated in an adjoining Kuehne + Nagel multi-client warehouse. Labor is equally flexible. All Kuehne + Nagel staff at the adjoining facility are cross-trained on customer procedures and can be available, along with temporary labor, as needed. This allows the company to pay only for the precise space and labor needed. Kuehne + Nagel is geared to handle as many as 30 truckloads of product in a day at peak.



## RESULTS

Because the company's Canadian operation is sales-focused, Kuehne + Nagel works with its manufacturing and logistics teams in the United States, serving as its eyes and ears in Canada. For example, Kuehne + Nagel discovered that some customer-specified carriers were unilaterally changing delivery appointment times without notification, causing customer complaints. The provider put in place a system to track carrier adherence to the original appointment schedule, using the results to select preferred carriers. These and other quality-control issues are proactively identified and addressed by Kuehne + Nagel as part of the long-term partnership.

Kuehne + Nagel manages this customer's high-volume, high-turn operation with a superior degree of inventory and shipping accuracy. The partnership has enabled the company to:

- Expand in Canada with no capital investment for logistics infrastructure
- Economically manage volume spikes
- Manage Canada logistics with virtually no in-country logistics staff, leveraging Kuehne + Nagel's expertise and market knowledge

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