



## Case Study – Consumer Goods / Retail

### Synopsis

SBA manages the large-scale import distribution & warehousing program of seasonal products for an international merchandising company.

### Project Requirements / Specifications

- Oversize freight movement (for seasonal items such as scarecrows for Halloween)
- Full ocean container loads (Import)
- Domestic distribution & warehousing
- Electronic billing data management
- Quick rate turnaround time
- Packing-unpacking
- Crating
- International documentation
- Expedited air shipments
- Door-to-door delivery

### Background

Our client started his business over a decade ago, importing discount baskets and other closeout merchandise from the Philippines and China. With three national showrooms and global retail clients, it is imperative that our client receives seasonal samples and orders on-time and at low prices.

As 2004 was drawing to a close, the focus of our client was not the cost of their products, but the actual incremental costs of shipping them. Dilemma: If our client could not properly manage shipping costs, they could not pass on competitively low prices to national discount retailers.

SBA initially noticed a major problem: the majority of shipping costs came from daily inbound shipments (average weight of 40-100 kg) from their warehouse in China. Since orders and samples did not need to be shipped on a daily basis, this process only added unnecessary operational costs. SBA also noted that although they received a 40% discount from their previous carrier, they weren't able to fully take advantage of it due to their current shipping practices.

Warehousing inefficiencies, product order processing and quote turnaround time were other areas in need of improvement.

### SBA's Solution

In order to enhance our client's logistics operations and save shipping time and money, SBA first analyzed their prior shipping practices and data. After discussing the issues in detail, we found solutions that would dramatically improve our client's operations, including:

- A bi-weekly consolidation of showroom samples (200kg+). To save money, for example, samples were shipped on Friday, moved over the weekend, typically cleared customs on Tuesday and arrived in the showrooms on Wednesday.



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- After meeting with the client's sales team, it became immediately apparent that improvements could be made to their order processing system and the load efficiency of their warehouse in China. Through direct coordination with the client's logistics manager, SBA ensured shipments were loaded in sequence and orders were filled completely.
- SBA helped address a need for quick rate turnaround time and prompt billing to their customers. Since seasonal items tend to be oversized, it is difficult to determine the accurate number of pallets needed per order. In the past, this caused delays in rate turnaround time for shipping. By creating shipping and packing standards, SBA is now able to quickly provide rates, allowing the client to expedite invoicing and shipping charges to customers after product is shipped.
- SBA developed a special project geared at reducing unnecessary warehouse facilities and expenses. To that end, SBA agreed to handle the client's ocean freight and helped with their break-bulk and pick-and-pack operations.

## The Results

- Improved service and lower costs soon followed, allowing the client to begin shipping expedited volume by air.
- Our collaboration eliminated 98% of the client's prior incomplete order processing, lowered overall costs, ensured smooth shipment planning and allowed orders to be processed more efficiently.
- The client now saves over 30% of what their previous carrier was charging them (even with that carrier's 40% discount).
- SBA now handles all break-bulk and distribution operations.
- SBA has expanded its LTL management out of two SBA facilities and has taken over some of the client's warehousing and distribution, further reducing costs as a one-source provider.