



## Retail

### National Retailer Partners with Kuehne + Nagel for Rapid Start Up of Four Support Centers

***Solution improved control and visibility while speeding floor-ready merchandise to stores***

#### SITUATION

A national retailer launched a strategic turnaround program that included improvements in merchandise allocation and distribution to its stores through the rollout of a new distribution network, an integral part of a new centralized merchandising approach.

The new distribution strategy was designed to more efficiently move merchandise from suppliers to stores, improving customer service while reducing cost, time and handling in the process. The new system called for a network of 13 store support centers (SSCs) around the country. Each SSC serves 50 to 125 stores with state-of-the-art picking and packing and processing equipment.

The retailer selected Kuehne + Nagel to manage four key SSCs – and get them up in running in rapid order – in Florida, Indiana, Utah and Washington. These SSCs provide dedicated warehousing and pre-retailing services for boxed and hanging apparel and other products, in addition to reverse logistics.

#### SOLUTION

Kuehne + Nagel immediately formed a dedicated team to handle all aspects of the under-taking. Leveraging its relationships with national real estate and other suppliers, within 9 months, Kuehne + Nagel brought on line 1.5 million square feet of highly automated, state-of-the-art distribution center space.

As “general contractor” for the facilities, Kuehne + Nagel was deeply involved in all installation and design, systems outfitting and training issues. Kuehne + Nagel identified and secured facilities in needed locations and managed the complete fitting-out process, collaborating with multiple suppliers. Kuehne + Nagel professionals screened, hired and trained more than 130 managers and supervisors and 1,500 hourly employees. In addition, the start-up team established strong relationships with local banks, local governments and landlords. Kuehne + Nagel purchasing expertise also resulted in significant savings to the retailer.

Operationally, the SSCs use a variety of integrated systems with a high level of radio-frequency-driven automation. Bulk stock arrives at the SSC for sortation, based on existing store orders for the product. The typical receipt to dispatch cycle is 72 hours. In order to move product swiftly to the stores, there is virtually no stock held against future orders. The operation is driven by the retailer’s warehouse management system, which provides visibility to stock and allocations.

Specifically, SSC staff receives bulk goods and scans to confirm receipt. Associates perform quality-assurance checks (units, color, size, product) and then sort and break the product into four merchandise streams – goods on hangars (GOH), flat/cased stock, bulk and direct cross-dock. Value-added services are performed, as necessary, including poly-bagging GOH, re-ticketing and labeling, adding or removing hangers and security tagging. Finally, associates pick and dispatch store-specific orders, as required.



## RESULTS

The ability of Kuehne + Nagel to deliver a range of value-added services means that merchandise arrives at the stores floor-ready and can flow directly to the appropriate sales department. Store associates, rather than labeling or sorting incoming merchandise, are freed to focus on customer service.

Kuehne + Nagel shipped an average of 203,000 units – or 16,900 cases – per day per location.

The Kuehne + Nagel team, drawing on its experience, identified and shared improvement opportunities that could be applied to the other 10 SSCs in the network. As a result of Kuehne + Nagel's involvement, the retailer was able to:

- Improve inventory control and visibility
- Reduce inventory levels
- Respond faster to customer demand
- Greatly reduce dock-to-sales floor times
- Reduce non-retail manpower requirements at store level
- Increase store retail space, formerly taken up by merchandise prep needs, at marginal cost

Kuehne + Nagel  
22 Spencer Street  
Naugatuck CT 06770  
888-246-8726  
<http://www.kn-logistics.com>

