



Kuehne + Nagel Delivers Expanded Seasonal Solution for The Home Depot®

Home-improvement giant avoids lease commitments & capital expenditures while reducing out-of-stocks

SITUATION

The spring selling season – with its mowers, grills, patio sets and other oversized items – represents a particular challenge for Atlanta-based The Home Depot, the world's largest home-improvement retailer. Each Home Depot store ranges in size from 120,000 to 140,000 square feet and stocks 40,000 to 50,000 kinds of building materials, home-improvement supplies and lawn and garden products.

During the spring, large volume surges – up to several hundred truckloads per day – posed significant problems for The Home Depot's existing distribution network. It was difficult for the retailer to efficiently handle increased shipments and quickly get the products to the stores. The result was potential “out of stocks” and lost customers.

The Home Depot was impressed by former Kuehne + Nagel's proven ability to assist some of the world's largest retailers achieve high-volume seasonal distribution with high inventory integrity. As a result, in 2002, The Home Depot chose it to implement an “oversized items” solution, initially on a trial basis, servicing stores in the Midwest from Kuehne + Nagel's Alsip, Ill., distribution center. (NOTE: Contract originated with former subsidiary, USCO Logistics.)

SOLUTION

As a result of the program's success, the approach was expanded in 2003 with Kuehne + Nagel supporting the retailer from four locations across the United States. More than 460,000 square feet are dedicated to the project.

Kuehne + Nagel supports timely sales replenishment, shipping to Home Depot stores throughout the New England, Mid-Atlantic, Midwest and Northwest. At peak volume, the DCs receive more than 50 truckloads per day of lawn tractors and other products, and ship 190 orders.

To prepare for this level of activity in a tight timeframe, Kuehne + Nagel deployed its “Reserves,” experienced warehouse specialists from other high-velocity Kuehne + Nagel DCs, to ensure a successful start up. The Home Depot maintains visibility to inventory and order status via Kuehne + Nagel's Web-enabled Dashboard tool.

RESULTS

During the 2002 pilot, Kuehne + Nagel met The Home Depot's delivery dates for its seasonal inventory, handling 5,500 to 6,500 units per day for 30 SKUs – all from a single location.

In 2003, The Home Depot increased its SKU base to 45 items and looked for Kuehne + Nagel to handle 30,000 to 36,000 units daily, across the four-DC network.

Kuehne & Nagle has been able to improve The Home Depot's in-stock position by quickly responding to demand surges for these products in specific stores. The result: The seasonal product was there when the customer wanted it.

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