



Kuehne + Nagel Implements Logistics Solutions for World's Largest Retailer

Programs help lower cost, inventory levels and cycle times, while improving shipping accuracy

SITUATION

Wal-Mart Stores, Inc., the world's largest retailer, has more than 3,800 stores in the United States, and more than 2,600 internationally.

To support timely replenishment of its stores, Wal-Mart operates an extensive network of distribution centers. Rather than continue to expand its warehouse infrastructure, however, Wal-Mart made a strategic decision to leverage a select number of third-party logistics providers – giving it a more flexible “virtual” logistics infrastructure to manage its growth.

Wal-Mart's goal was to determine logistics providers that could meet several key objectives:

- Start up operations quickly.
- Offer flexibility that would accommodate oversized products, such as lawn furniture and TVs, which do not fit within its current network.
- Accurately estimate distribution costs, prior to placing forward buys, improving profitability.
- Create an infrastructure capable of managing seasonal spikes in inventory while also supporting ongoing disaster-relief product warehousing and distribution for flashlights, batteries, etc.
- Improve inventory information integrity by consolidating and/or creating inventory management systems, reports and invoices.

SOLUTION

In 1997, Kuehne + Nagel established a multi-facility network across the United States with 800,000 square feet of flexible space able to support Wal-Mart's regional markets and stores goods for seasonal overflow and forward positioning of disaster-relief products.

It opened and managed a temporary dedicated import diversion center in Atlanta to better manage forward buys and non-conveyable (oversized) products that could not be handled efficiently through Wal-Mart's DC network.

Kuehne + Nagel also has managed a direct-to-store shipping program specifically for after-Thanksgiving inventory spikes that reduced costs, lead times and claims.

Kuehne + Nagel remains a strategic warehousing partner for special needs outside of Wal-Mart's DC network, including seasonal overflow, vendor assistance/projects, forward buys and disaster-relief products.

RESULTS

Kuehne + Nagel has delivered on consistent key performance indicators allowing Wal-Mart to reduce costs, inventory levels and cycle times, while improving inventory and shipping accuracy.

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