



Consumer Products

Candy Maker Expands Production, Outsources Logistics as Part of Canada Growth Strategy

Kuehne + Nagel provides warehousing solution to support company's inbound and outbound distribution needs

SITUATION

In 2000, Kuehne + Nagel began working with a maker of candy products whose brands are known worldwide. Until that time, warehousing and distribution for the company's Canadian operations were managed from its Toronto-area manufacturing plant. But rapid market growth and the desire to focus on the core business of making and marketing food products prompted a decision to expand manufacturing at the Toronto plant and exit the logistics business in Canada. The candy maker contracted with Kuehne + Nagel to support its logistics requirements in Toronto, with a focus on maintaining superior service levels to its demanding retail customers.

SOLUTION

Kuehne + Nagel provides the company with warehousing and inventory management for both inbound flow of raw materials into manufacturing and outbound distribution to the market. The customer occupies close to 50,000 square feet of food-grade space in one of Kuehne + Nagel's multi-client Toronto-area DCs, requiring a two-shift, seven-day-a-week operation. The facility is one of three DCs in the candy maker's Canadian distribution network.

Raw ingredients and packaging materials are stored for shipment to the manufacturing and packaging plant. A shuttle service ensures efficient material flow to and from the warehouse. The company delivers three to six truckloads of finished goods per day to the DC, where Kuehne + Nagel fills the same trucks with ingredients and packaging for the return trip to the factory.

RESULTS

Kuehne + Nagel uses six-high racks to store 77 finished-goods SKUs that turn regularly. The products' limited shelf life requires systems and processes to manage inventory on a strict first-in, first-out (FIFO) basis. Radio-frequency-enabled processes drive inventory accuracy of 99.96% and shipping accuracy of 99.89% to 100%. Approximately 68,000 units per day are shipped from the Kuehne + Nagel warehouse.

- Avoided capital investments and enabled the company's sustained growth across Canada
- Logistics cost-per-unit trending downward since Kuehne + Nagel began outsourced operations

