



Industrial

Kuehne + Nagel Consolidates 29 Warehouses into 4, Cutting Cycle Time for Electrical Manufacturer

Solution enables leading electrical manufacturer to better manage volatile order cycles

SITUATION

A well-known manufacturer of electrical construction materials and outdoor lighting supplied a line of premium-quality electrical fittings and fixtures distributed through two channels and brands. Electrical distributors sold one line, while the other brand went through building supply retailers, such as Home Depot. Initially, the manufacturer supported distribution of both brands through 29 regional facilities across the country. But as customer demand increased, the company found it difficult to accurately project inventory for more than 1,000 items stored in multiple locations.

Forecasting inventory needs is difficult because of the variable demands of the end customer, so the manufacturer's challenge was trying to maintain enough product in all its locations to ensure a 98 percent on-time delivery rate.

To streamline the process, the manufacturer partnered with Kuehne + Nagel subsidiary USCO Logistics, which leveraged its nationwide warehousing network to create a more efficient, cost-effective distribution solution.

SOLUTION

Kuehne + Nagel designed a leaner distribution structure that allows for faster and more accurate delivery of products to retailers and suppliers nationwide. The solution involved the consolidation of 29 manufacturer warehouses into four Kuehne + Nagel multi-client warehouses in Massachusetts, California, Georgia and Missouri. All locations managed distribution of the first brand line to local and regional customers. In addition, the warehouses in Massachusetts and California store and distribute the second brand's products to East and West Coast retailers.

Working with four multi-client warehouses was more efficient and economical for the manufacturer. With Kuehne + Nagel's variable-cost structure, the company could easily increase or decrease labor and space, enabling it to maintain its goal of accurate, on-time delivery during normal and peak times.

Together, the locations handled approximately 350 orders daily, storing products in more than 50,000 square feet of warehouse space. Kuehne + Nagel would receive orders from the manufacturer via EDI, and picked and often repacked each one due to varying product sizes -- which ranged from 8mm gaskets to large, explosion-proof, die-cast enclosures. Orders would then ship within 24 hours of receipt.

RESULTS

The ability to react quickly to customer demands while maintaining a high level of accuracy is a competitive advantage in the electrical distribution and retail industries. The manufacturer's streamlined distribution structure achieved this goal by storing more products in fewer facilities.

- Partnering with Kuehne + Nagel also enabled the manufacturer to better manage volatile order cycles for the long term. With an expanding product lines and customer base, Kuehne + Nagel delivered the solution to support this growth.

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