

3PL Links Case Study: Manufacturing

Work Hard, Play Hard

For people around the world, enjoying the outdoors is a critical component of happiness. 3PL Links has had the privilege to work with an entrepreneurial and innovative world leader in the design and manufacturing of ready to assemble outdoor living products for residential customers. This client delivers exceptional play and leisure structure options around the globe to children and adults alike. Operating under three distinctive branded product lines, this client creates products adhering to the highest standards in quality, safety, value, and fun.



Much like many companies in the modern economy, they are eager to capitalize on emerging trends in today's consumer marketplace. For this client, that means having the ability to mobilize resources and engage their supply chain to continually exceed their customers' demands. This need drove an engagement with 3PL Links.

Changing Landscapes

When the client reached out to 3PL Links, they were going through a difficult time internally. Changes in ownership had shone light on several issues that required swift remedies. The first major issue was the increasingly strict delivery guidelines imposed by many of the client's customers. These included massive retailers, like Canadian Tire, Rona, Toys R Us, Costco, and many more. Each of these companies has their own set of imperatives for specific details of deliveries, and when those very specific guidelines are not met, there are crippling fees and penalties that can be incurred. Furthermore, if too many penalties are levied, the customer may eventually decide to simply stop ordering from that company.

This left 3PL Links' client only a few options for resolution. The first option was to hire an in-house logistics specialist. A suitable candidate would have to be found, and then this person would have to be trained very quickly to mitigate their risk by minimizing their exposure to retailer penalties. Alternatively, they could engage with a company like 3PL Links to get outside help from a company with expertise in these matters. The client opted for this second choice, and in doing so they were able to solve their immediate need while at the same

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time, creating a partnership that provided expert advice and execution on managing the entire supply chain. The partnership only grew from there, and 3PL Links now acts as the parachuted logistics department for this client.

Finding Value

As 3PL Links investigated further into the supply chain of their client, they found multiple avenues for improvements. By analyzing the client’s \$3 million annual spend, 3PL Links was able to identify opportunities to cut costs, improve service levels, and increase efficiencies. First, 3PL Links established a new distribution centre in Buffalo, NY to service the client’s U.S. customers. However, the client had some very specific needs for their distribution centre. They required a facility that could destuff their ocean containers, perform some subassembly work, as well as fulfill all outbound orders of different types and sizes, mostly going to big box stores. The value added services were critical to the client, luckily 3PL Links has many strategic partners in their network who can perform value added services of all kinds.

Once the US distribution centre was up and running, 3PL Links shifted focus to production in China. By setting the client up with a quality control checkpoint in China, as well as a consolidation point for sourced product, 3PL Links was able to greatly reduce costs and lead times for their client while increasing visibility. Furthermore, this move allowed 3PL Links to ship direct from this Chinese facility in some cases, even further reducing shipping costs.



At this point, 3PL Links looked at the ocean freight. By leveraging their total volumes, 3PL Links was able to negotiate with the steamship lines and forwarders to waive the Gross Rate Increase (GRI) and Peak Season Surcharge (PSS) fees in favour of a locked in yearly rate. This allowed the client to plan and forecast their costs much better by removing the seasonal fluctuation from the ocean pricing. Furthermore, this model enabled the client to avoid approximately \$500,000 in variable charges.

3PL Links also looked at the end customer experience for improvements. After receiving sign-off from the client, 3PL Links established a white glove delivery service for customers purchasing the products at Toys R Us and Costco. This service would allow the customer to have the playground delivered right into their

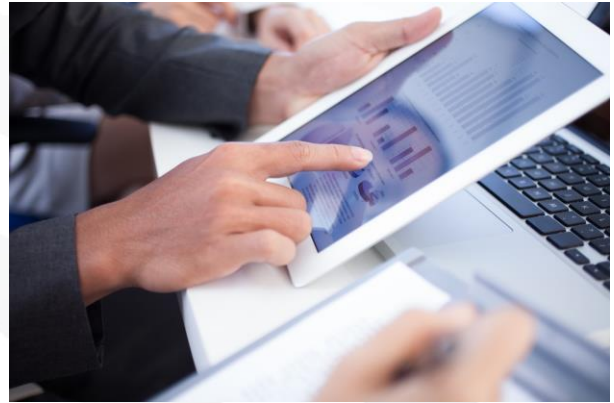
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home/backyard, and even have the unit fully assembled. This high level of service allowed the client to add significant amounts of incremental sales by capturing new customers who were not interested in self assembly.

Power Through Technology

3PL Links is constantly getting feedback from their clients about what issues they face in their industry. In response to this feedback, 3PL Links developed a number of proprietary software programs. One such program is the Vendor Audit Program (VAP). When the client saw a demo of the VAP program, they were instantly sold on the value that it would add to their operations. In short, the program audits all incoming or outgoing freight or vendor bills against contractual rate agreements. Equally important to the billing accuracy the program affords is the business intelligence tools it provides. All data on shipping documentation is captured and uploaded into the system, and can then be reported on. The reporting engine allows for prebuilt reports to be dynamically loaded for immediate access to the needed key performance indicators. All reports can also be tightly controlled via configurable user access security. This allowed 3PL Links' client to increase transparency between internal and external departments to expedite response times, thus minimizing the impact downstream. It allowed them to better forecast their freight costs to minimize risk and increase predictability in their cash flow. It also generated significant savings by allowing the client to reduce or reallocate resources dedicated to the vendor audit and payment process. Of course, most importantly to the bottom line, the program eliminated duplicate billings, overcharges, and incorrect accessorial charges to the tune of \$900,000 in savings over the last three years.



In addition to this technology, 3PL Links was also able to offer their client the ability to enter orders, as well as track and trace those orders from the online portal. This greatly increased visibility and saved the client from having to make those pesky update request calls.

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Moving Forward

3PL Links and their client have been working together for over ten years now, and 3PL Links has become an essential and integral link in the supply chain and overall management structure of the client. Today, 3PL Links manages the entire supply chain for their client, acting as their parachuted logistics division. This includes dispatching of inbound and outbound trucks and ships, scheduling all necessary appointments, reporting documentation of all transportation, managing an annual bid tender for all transportation business, and of course analyzing all bills to ensure accuracy and efficiency. In addition to all this, 3PL Links' service allows the client to maintain peace of mind if and when inevitable logistics headaches arise. The client knows that as they grow, or as their needs change, 3PL Links will be right there to ensure they are operating as smoothly and efficiently as possible.



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