Distribution & Logistics Case Study

Business Problem:
$500M Distribution Company, Faced With Extensive Backlog at the Beginning of "Busy Season". Volume Expected to Increase 6X.

VERTICAL: Distribution & Logistics

NLP SERVICES: Lean Transformation

CLIENT

The largest distributor and embellisher of team sports apparel and equipment in North America was not meeting their financial performance target (EBITDA/Rev). They were growing by aquisition and integrating into a single model, had high employee turnover and extensive use of temporary staffing, and a highly complex inventory.

APPROACH

1. **Assess Current State**
   Value stream mapping

2. **Create Metrics and Daily Tracking for Problem Solving**
   Establish lean daily management (Gemba Walks)

3. **Establish Execution Roadmap**
   Kaizen roadmap to quantify & track savings
   Execute multiple kaizen events

ENGAGEMENT

- **Create Capacity to accommodate 6X volume**
  New catalog sales expected to drive higher volumes

- **Reduce Employee Turnover**
  Turnover in excess of 65% within 1 year creating talent, experience gap, quality and lead time issues

  Cultural/ Language differences contributing to lack of employee engagement

- **Reduce Lead Time**
  Improve Lead time from 8-10 days to 2-3 days

- **Improve Quality (Mis-Picks/ Mis -Prints)**
  Drive 1st pass yield from ~ 70%

THE RESULTS

- **$1.6M in hard savings**
- **$500K lease cost reduction freed up 60,000 square feet of warehouse space**

- **Warehouse optimized for Pick, Pack and Ship**
- **OTD improved from 68% to +95%**
- **Lead time reduced from 10+ days to 3 days.**

15:1 Return on Investment

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