



Kuehne + Nagel Provides 100% Inventory Accuracy for Consumer Electronics Leader

Experience, flexibility applied to complex logistics challenges

SITUATION

A global manufacturer of televisions, audio, personal care and medical diagnostic imaging systems was faced with a logistics challenge. The company received high-value, low-margin inventory from Asia and Eastern Europe, introducing them to an increasingly crowded, competitive market.

The company's diverse mix of more than 3,000 end-customers represents a wide range of distribution channels and has resulted in both a broad demand profile and a seasonally fluctuating inventory. Average order turns of 1,000 weekly increase to as many as 3,000 during holiday peaks, creating a variable load pattern that ranges from 40 daily shipments to more than 100.

SOLUTION

In 1994, the company awarded Kuehne + Nagel the original contract. Since the signing Kuehne + Nagel has worked closely with its customer to continually develop services as the market evolves. The partnership includes open, regular reviews of day-to-day operational tasks, issues and performance. This has focused on the strategic direction and issues affecting the consumer electronic market in the UK, and with a close attention to detail, led to the contract being renewed in 2004 for an additional five years under which runs an open book agreement.

The result is a highly flexible and efficient warehousing and distribution solution which was recently moved to a 25,000 m² (270,000 ft²) shared site developed by Kuehne + Nagel in Birmingham, UK. The site, which carries a large number of staff, is also BN ES ISOP 9001:2000 accredited for quality.

Kuehne + Nagel resource teams manage all warehouse and distribution activities. Requirements for people or transport are planned by the client in accordance with weekly and monthly demand forecasts. A range of value-added services are also provided, including:

- **Returns management** in terms of QA, fault diagnosis, on-site repairs, clearance through approved channel or safe disposal
- **Pre-configuration** work such as repacking, promotional labeling/flushing or literature
- **Pallet configuration** per customer
- **Re-working** such as re-cabling, manuals and accessories

RESULTS

The Kuehne + Nagel solution has reduced overhead through expansion over a wider volume base. In addition, efficient inventory usage has balanced the demand profile, limiting extremes. This, in turn, has released more resources to provide a wider range of on-demand services. Overall, unit costs have been reduced; importantly, service levels have not.

For more than a decade, Kuehne + Nagel has been able to flexibly support growth of 500 percent, while maintaining nationwide on-time deliveries at 98.6%. Distribution center standards have similar efficiency rates: picking at greater than 99.5%, inventory accuracy greater than 99.8%; and on-time dispatching above 99.5%.

In tribute to these near-perfect numbers, Kuehne + Nagel was awarded the company's "U.K. logistics supplier of the year" award in 2004.

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