



Kuehne + Nagel Provides Flexible Supply Chain Management to Match a 400% Increase in Sales

Renewed contract cements logistical services partnership

SITUATION

A United Kingdom-based value-added distributor of computers, software and peripherals serves a client base of 8,000 resellers, mail-order companies and Internet retailers. The company's large product inventory is constantly changing as each manufacturer introduces new products or promotions. The demand profile is high with short lead-times and subject to strong variation due to seasonal factors.

In 1998, the company recognized the need to establish a separate distribution channel for its consumer electronics because of the expanded growth of the consumer market. The company approached Kuehne + Nagel for the design and implementation of a logistics solution that began in an 8,700m² (94,000ft²) facility near Dudley. The operation has continued to evolve in line with the company's changing business demands and client base. This has included the introduction of both the set-up and operation of a second, temporary facility, which also supports another non-competitive business.

SOLUTION

The contract has been renewed twice and is based on a two-tier pricing structure that offers a fixed price base and a variable rate for additional volume. On average, 215,000 orders per year are processed. Product is primarily received on pallets and dispatched as individual consumer units. The Dudley site is equipped with on-site security staff and closed-circuit TV, and passive measures, such as controlled access and searches to secure the large inventory.

Kuehne + Nagel provides the following range of core warehouse and distribution services to support the company's day-to-day fulfillment needs:

- **Returns management** including Product screening, Warranty Management, On-site repairs and refurbishment services and safe Disposal.
- **Pre-configuration changes:** Kuehne + Nagel engineers complete unit upgrades based on customer requirements such as Memory upgrades, hard disk changes, optical drive installation, labelling and security tagging
- **Serial-number tracking**
- **Spares recovery and recycling**

RESULTS

Kuehne + Nagel has established a logistics partnership that achieves performance, quality and flexibility. Quality services are maintained in keeping with the company's business needs and deliver the level of service required by its clients. Standards of performance include inventory accuracy in excess of 99.9 percent and on-time shipments at 99.8 percent. On average, results are delivered in excess of 98 percent availability.

Since 1998, sales have grown nearly 400 percent. Kuehne + Nagel has been an agile partner, growing in step to meet the company's logistical challenges, providing flexible, value-added supply chain systems and services.

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