



Supply Chain Redesign

Warehouse Consolidation

CHALLENGE

Close a warehouse without lowering service or increasing cost.

SOLUTION

Build model of current costs & service, then overlay various cost and service scenarios to determine financial and delivery impact.

RESULTS

- ⇒ Established current costs
- ⇒ Reduced inventory
- ⇒ Justified change
- ⇒ Improved service
- ⇒ Reduced costs

Justifying Distribution Center Consolidation To Improve Service

The Client

An industry leading manufacturer produces and distributes recorded music and DVDs for a large entertainment company. The client, like most companies, was looking for synergies across its distribution network, but needed to reduce costs without jeopardizing service.

The Challenge

The client had overlaps in distribution and wanted to know if they could consolidate warehouses. With one DC fulfilling less “time critical” product to the southeastern U.S. from Chicago, and another shipping fast moving inventory from Atlanta, they wanted to know the financial impact of consolidating and fulfilling all inventory from the Chicago facility. Trans-solutions was brought in for its extensive experience in modeling.

**\$2,200,000
saved yearly**

The cost variance when fulfilling all orders from Chicago without deterioration in service was to be determined. In other words, by consolidating warehouses, could the overall logistics cost be lowered while maintaining service?

The Solution

Trans-solutions built a model of current distribution, transportation and inventory cost and aligned the actual service. Alternative distribution strategies could then be accurately compared. New “time in transit” and cost structures were calculated for the consolidated solution and compared against the current network. With Trans-solutions’ proprietary software ©*Xact Negotiator*, the actual cost changes and service shift were calculated. Although some costs went up, the overall logistics cost went down and justified the consolidation.

Inventory management improved, and order fill rate went up by 15%. Customers received fewer and larger shipments, which reduced their costs while saving millions of dollars for our client.

\$2,200,000 saved annually

For more
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