



Network Optimization

Case Study

CHALLENGE

Poor fill rates, inventory slow to market.

SOLUTION

Re-alignment of inventory that satisfied demand increasing sales and customer satisfaction.

RESULTS

- ⇒ Greater sales
- ⇒ Lower inventory carrying costs
- ⇒ Higher fill rates
- ⇒ Faster delivery to market

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Warehouse consolidation and speed to market

The Client

This multi-billion dollar entertainment company experiencing excessive inventory costs in the warehouse and slow moving product with fill rates below industry standard. Orders of fast moving inventory competed with the slow moving inventory and customer service suffered.

The Challenge

In the entertainment business, fast moving inventory (hits) which generate over 80% of the sales requires an efficient distribution channel and process to capture sales. Speed to market is essential in this industry, or sales are lost. Slower moving inventory (catalog) with higher margins does not require the same urgency of delivery. However, the need for 100% fill rates is essential to ensure profitability and customer satisfaction.

**Speed to market
with high fill
rate levels**

The Solution

Before Trans-solutions was engaged the distribution network consisted of three fulfillment centers strategically located throughout the country close to large customers. Each fulfillment center contained the full complement of stock keeping units (skus), and fill rates were difficult to maintain.

After a thorough review of the client's inventory, it was determined that segregation of hits and catalog would enhance customer satisfaction and reduce inventory, warehousing costs and generate bottom line savings. Only a small number of skus required fast turnaround from the distribution centers. This enabled the distribution centers to receive orders later and ship them the same day. At the same time, slower moving inventory with poor fill rates effected sales and customer loyalty was consolidated to a central location. Fill rates went up with customer satisfaction.

Trans-solutions developed a distribution network design that created smaller fulfillment centers on each coast centered around large customers, so that "hits" could be fulfilled quickly. Slower moving inventory was centrally located close to manufacturing. This enabled higher fill rates, greater sales, and best-in-class customer satisfaction.