



Evolving from Good to Great

A Large U.S. Retailer Success Story

Business Challenge:

One of the largest retailers in the world operates over 600 club store locations in the US, serving over 50 million members annually. This large-scale retailer (LSR for purposes of this success story) is a long-standing client for whom LEGACY operates multiple dedicated warehousing and fleet operations across the United States.

An opportunity arose in Q1 2016 to assume operational management of LSR's omni-channel West Coast distribution center operations in California's Inland Empire. The facility had been a high performing operation in LSR's network. However, the incumbent provider lacked depth and working knowledge within LSR's greater supply chain network, and had plateaued from a performance standpoint. Based on the growth trajectory of LSR's Western US region- they knew they needed to make a change.

Adding to the challenge was a requirement for a very short startup timeframe of less than 3 months, based on timing within LSRs 2016/2017 fiscal calendar.

KEY CHALLENGES:

- ✓ Improving upon performance metrics
- ✓ Lack of strategic alignment & network synergy w/incumbent provider
- ✓ Omni-channel supply chain strategy within volatile retail sector
- ✓ Achieving profitable growth in rapidly expanding ecomm business

Omni-channel Operations Overview:

LSRs Inland Empire distribution center houses 2 distinct operating units within the 450,000 sq. ft. facility. The Import DC operation provides high volume fulfillment and cross-dock flow services to LSRs West Coast Retail DCs. An added benefit to LSR is the fact that LEGACY operates 2 of LSRs Retail DCs - providing a seamless service connection for goods arriving from offshore all the way through to retail club stores. The Inland Empire operation also serves LSR's direct-to-consumer ecommerce fulfillment for the Western US region.

The 2 high-volume operations handle nearly 400 inbound container loads per month, while churning out approximately 250 outbound trailer loads and 5000 direct-to-consumer ecomm orders. Both operations require performance metrics to be well above industry standards to serve LSR's high-volume/high service direct-to-DC and direct-to-consumer demand.

Why LEGACY:

Ultimately, LEGACY was chosen over other 3PL providers based on their track record of cost-to-serve performance within LSR's network, and demonstrated ability to quickly turn around operations facing performance challenges. The synergy created from LEGACY's working knowledge within other parts of LSR's distribution and transportation network, and trust built from years of strong performance provided LSR leadership the level of trust they were looking for. A proven ability to execute startups on-time & on-budget, and LEGACY's strong presence in the Western US market played a role as well.

Omni-Channel Solution:

Requirements: minimize turnover, ensure seamless transition, improve cost/service/productivity performance metrics across Direct-to retail store and Direct-to-consumer channels

Precision Startup: LEGACY was given less than 90 days to execute a comprehensive startup project plan to fully

“The precision with which this startup was executed, with zero disruption to the business, speaks to the collaborative partnership between LSR and LEGACY.”

- Mike Glodziak, President & CEO,
LEGACY Supply Chain Services

transition operational control of both Inland Empire operations – including all aspects related to people, processes & systems. LEGACY deployed a SWAT team of dedicated project management, operational & human resources leadership, and technology resources, as well as executive-level involvement from LEGACY President & CEO Mike Glodziak, to ensure the startup was executed with the precision required for LSR.

Mitigate Business Disruption: The strategic nature of the operation within LSR's West Coast distribution network made seamlessness and zero disruption an absolute. To mitigate impact to LSR's operations – LEGACY took a holistic approach to the transition.

The backbone of any LEGACY operation is strong leadership culture – LEGACY first focused on the people within the operation. A highly engaged boots-on-the-ground approach was taken to build trust between LEGACY and the entire LSR team. Operational and human resources collaboration between LSR and LEGACY centered around transparency and frequent communications to ensure the staff was comfortable throughout each step in the transition.

LEGACY deployed leadership from other operations within the LEGACY/LSRs network to support the project. A comprehensive project plan was built to transition inventory, shipping, & order fulfillment processes, as well as human resources systems.

Maintain & Improve Performance Metrics: The facility had a history of performance within LSR’s network. However, the high volume handled by the Import DC operation couple and rapidly expanding volume of the eComm Fulfillment operation required a new level of cost-to-serve performance. LEGACY was tasked with building on the track record of the past, and driving improved performance into the future. Operational continuous improvement opportunities were identified to help get a head start on driving performance improvement from the outset.

Impact:

The successful startup execution within LSR’s timeline of less than 90 days was achieved. All key project milestones including recruitment and on-boarding of site leadership, transition of operations staff, integration of systems and processes, and startup budget was met with a 100% compliance score from LSR.

Seamlessness and minimizing disruption to the business is often a result of how well a provider manages the people within the operation. The transition resulted in less than 5% turnover of existing staff, which speaks to the highly collaborative and engaging nature of the startup process. Low turnover and high engagement metrics have fueled the facilities continued performance improvement in service of LSR’s business.

“This award is testament to LEGACY’s understanding of our business, and enhancement of LSR’s supply chain through increased quality, level of service, and cost optimization.”

- LSR VP of Operations

KEY SUCCESSES:

MINIMIZED TURNOVER:

<5% turnover upon transition, maintained 1 year into the partnership

ON-TIME/ON-BUDGET STARTUP:

successful execution of startup plan in less than 90 days

ELEVATED PERFORMANCE METRICS:

- ✓ **Cost:** Cost/CBM - Top 3 in LSR network
- ✓ **Service:** exceed MABD goal by 4.4%
- ✓ **Quality:** exceed DPMO goal by 2.3%
- ✓ **Inventory:** improved Flow Dwell metric by 30.5%
- ✓ **Productivity:** exceed ecomm picks/hr by 13.9%



2016 Import DC of the Year Award Winner:

In April of 2017, LEGACY was named LSR’s Import DC of the Year Award Winner for warehousing excellence and overall metrics performance. This award is testament to the ability to seamlessly execute an expedited startup timeline, mitigate disruption to LSR’s business, and continually improve upon already-strong operational metrics.

Today LEGACY’s omni-channel solution is a strategic advantage for LSR as they focus on profitable growth in their eComm business, and the continued high-volume demands of their store network.