

LARGE INDUSTRIAL POWER EQUIPMENT MANUFACTURER

Taking the Lead to expand value
within the 4 walls... and beyond

INTRODUCTION

Since 1995, LEGACY Supply Chain Services has operated the largest North American distribution center for one of the world largest and most well-known power generation & electrical manufacturing brands (who for the purposes of this success story, will be referred to as IP).

IP's North American distribution center has been located in Mt Juliet TN since 2011, when LEGACY oversaw a successful greenfield relocation driven by a network study. The 400,000 sq. ft. operation services ~90% of the North American B2B and B2C distribution volume for IP, which includes servicing contractors, individual businesses, and big box retailers of electrical parts and equipment for home and commercial use. The operation also serves a significant volume of export orders in the same capacity to Europe, Asia and other regions. Due to the dynamic nature of IP's distribution network – same day/next

day order fulfillment is often times the normal requirement.

The operation requires a wide array of highly complex value-added services including late point configuration of electrical breakers & transformers, assembly of lighting control panels to precise specifications, and management & evaluation of return goods.

CHALLENGES FOR INDUSTRIAL MANUFACTURING SUPPLY CHAINS

IP faces business challenges similar to other companies in the industrial manufacturing industry – including improving cost-to-serve, increasing speed-to-market, responding to requirements for technology advancement, and adapting to the supply chain dynamics created from the rise of ecommerce fulfillment, to name a few.

Large global manufacturing brands are challenged to innovate the ways in which they source, manufacture and deliver

component and finished goods through their complex business channels around the world. Technology becomes a critical factor as manufacturers attempt to add visibility across upstream and downstream channels. In many cases, antiquated home-grown systems have become so entrenched in a large business that switching costs become nearly impossible to prove ROI for. IP faced this challenge on both the ERP and WMS front.

IP leverages 3rd party supply chain partners to execute logistics services, and partner with strategically in pursuit of innovation. IP places high value on a partners' ability to drive value, demonstrate consistent quality/productivity/service/cost performance, and provide solutions to complex business problems.

DYNAMIC VALUE-ADD SOLUTIONS

As the industrial manufacturing industry continues to evolve, LEGACY is called upon to develop customized solutions to meet the demand placed on IP's dynamic supply chain.

Value-Added Technology Enablement:

When IP made the critical strategic decision to convert their long-established ERP environment to SAP, they challenged LEGACY to own the supply chain implications involved with the transition. The objectives were "simple" – optimize inventory and shipping workflows, create real-time ERP/WMS integration, while achieving 0 downtime. LEGACY IT resources dedicated to IP developed multiple custom

interfaces to synchronize WMS Inbound, Inventory and Pick/Pack/Ship activity with SAP. A Bill Compare interface streamlined the payment validation process – reducing manual touchpoints and expediting payment receipt for IP.

In support of IP's go live objectives - no down time was experienced on day 1. LEGACY wrote custom programs to enable upstream manufacturing plants to adapt to increased transactional processing requirements as a result of the conversion. By owning the technology component, LEGACY was able to save IP significant development costs upfront, while continually developing and customizing WMS/ERP functionality on an on-going basis. The initial project scope included transitioning away from the current WMS platform. However, LEGACY's ability to synchronize SAP and enhance existing WMS capability eliminated the need for a WMS conversion - further reducing cost impact.

Drop Ship eComm Solution for Big Box Retail:

Online supply chain has been a rapidly developing opportunity for IP. Rather than invest heavily in an operation dedicated solely to eCommerce fulfillment, LEGACY was called on to develop a custom eComm solution from within the walls of the Mt. Juliet distribution center.

"Many Logistics Service Providers can build programs to meet our budgetary requirements for reducing logistics and transportation costs, LEGACY's operations culture pushes our DC to perform at the highest level and deliver maximum efficiency at the lowest operating costs."

- Vice President of IP



LEGACY took the lead in working with 2 of IP's largest customers – a big box retailer and a major product distributor, to develop a drop ship solution to service direct-to-end-consumer orders from the retailer & distributor's online storefronts. This custom B2B ecommerce fulfillment solution drives value for IP by giving 2 of their largest customers a completely transparent channel to sell IP components and finished goods to their end consumers.

Expanding Operational Scope to Drive Out Cost:

The Mt. Juliet operation specializes in highly complex value-added services that add flexibility, increase service levels and remove cost. Finished products built to custom specifications are executed from within the DC - these deferred product processing services dramatically reduce costs incurred, and take weeks off of lead times as compared to when performed at manufacturing locations around the world.

CREATING IMPACT

The long-term partnership between LEGACY and IP has a strong trend of performance and continual improvement.

The Mt Juliet facility houses multiple supply chain operations under one roof in support of IP's distribution needs in North America - leveraging a deep knowledge of IP's product and sales channels, as well as existing operational and technology resources. LEGACY IT drives value by taking ownership of all supply chain-related aspects of IP's SAP platform – from coding & development, to providing internal service, training, and implementation of best practices to manufacturing plants.

“The continued success of the Mt Juliet team is attributed to always looking within our 4 walls to solve challenges IP is facing in their business”, said Mike Glodziak, President & CEO of LEGACY Supply Chain Services. “The true collaboration makes our partnership a strong one.”

DRIVING VALUE

SCALING GROWTH:

10x 10 fold order processing growth since 2011

COST IMPACT:

6 **FIGURE REDUCTION**
reduction of development costs during ERP/WMS integration

25 **FTE SAVINGS**
redeployment of FTEs due to technology integration development

3.64% **COST OUT**
avg annual reduction in cost/line (actual vs. budget)

PRODUCTIVITY:

THRU-PUT

