



Customer Success Story: Dual Electronics Corporation

Business Issue: **Poorly performing distribution operation requires immediate turnaround**

The Company

Dual Electronics Corporation is the U.S.-based subsidiary of the Namsung Corporation. Dual ships numerous product lines to many of North America's largest retailers. Their products include consumer, automotive, and marine electronics.

Throughout their history, both Namsung and Dual have made monumental contributions to the innovation, evolution, and distribution of consumer electronics -- including the introduction of the first LCD in car CD player, the creation of the first remote-controlled high-fidelity cassette player, and they were the first to introduce a full range digital amplifier.

Namsung has sharpened its competitive edge by intensifying its investments in Research and Development, and through the creation and accumulation of advanced technologies. Equipped with its decades of technological expertise, Namsung is raising its corporate identity and product awareness in the global market, while adapting to the new international trade order.

The company has a total commitment to providing high-quality products at affordable price points. With their combined resources, they continue into the 21st century as leaders in unequalled technology, value, and customer support.

Business Issues

Dual Electronics had outsourced its distribution near its port of importation. There were both geographic and service performance issues with this arrangement and location.

From a geographic standpoint, location in the state of Washington did not allow for efficient distribution service to customer markets in the Western United States. All customer shipments required extremely long-distance movements and deliveries to major population centers required multiple days in transit. In addition, the state of Washington assessed taxes on standing inventory, adding unnecessarily to the delivered cost of the product.

The incumbent service provider did not accurately track inventory, leading to stock-outs, missed shipments, and customer delivery delays. Inaccurate inventory caused uncertainty leading to increased safety stock, residence costs, and taxes. Due to the high value, high demand nature of Dual's product, theft had also become a problem. When combined with the extended transit time due to the DC location, the overall cost-to-serve key customers became unacceptable.

Solution

In 2008, Dual approached LEGACY about relocating and managing a new distribution center with two key tenets: inventory accuracy must be improved to lower landed costs, and a location chosen to better serve key West Coast population centers.

A network study revealed that Reno, Nevada, offered a better strategic location for a distribution center to meet customer service requirements for the Western United States. In addition, Reno charged no inventory taxes and offered a more business-friendly environment.



Solution (continued)

The move and launch timing were coordinated with the inventory reset for a major retail customer. On a reset, the retailer reestablishes their demand forecast for the year and adds new SKUs into their inventory. A reset requires a high degree of supply chain coordination, and places a premium on service with sound operational process. LEGACY quickly relocated inventory to the Reno facility to meet this new forecast and stock level requirement in time for this retailer reset. Over 60,000 units were shipped in a one-week period with a 100% line item fill rate and no service interruptions.

Due to the fast-moving nature of the product and short product life cycles, inventory turns are high. Dual's annual shipping volume from this primary distribution facility ranges from 600,000 to 1,000,000 units. LEGACY Supply Chain Services offered Dual a strategic partnership and brought the People, Processes, and Systems to realize Dual's objectives. Retail customers demand not just service, but technological and operational integration. LEGACY understood the vendor compliance guidelines and provided the WMS, EDI, and RFID technology solutions that provided seamless information integration between LEGACY, Dual, and its customer base.

The combination of operational excellence and WMS technology yielded the increased inventory accuracy and visibility necessary to deliver near perfect orders and ensure that Dual's customer service requirements were met. Previously, a fragmented supply and information chain caused inefficiencies in order fulfillment -- frequent backorders, expediting, additional handling, and increased processing costs.

LEGACY has now become Dual's international transportation provider, bringing better visibility to, and management of, inbound ocean containers. Advanced shipment information allows inventory to be pre-received (in advance of arrival) and allocated to orders to be shipped, providing increased order processing efficiency.

Value Proposition

The value to Dual has been realized in increased customer service and in inventory quality. Increased customer service comes from more perfect orders by consistently exceeding customers' in-stock requirements of 98%+. They have also enjoyed a 25% reduction in charge-backs from major customers. (These were shipping compliance charge-backs resulting from not following the customer's vendor order/shipment guidelines.)

LEGACY's immediate, then continuous, improvement over the previous Logistics Service Provider has delivered on-time and accurate order fulfillment. This has allowed Dual to maintain their cost-per-order at the same level year-over-year since 2008. Also, Dual now consistently meets its monthly and quarterly sales goals.

LEGACY has delivered superb inventory control. Inventory accuracy has been 99.9% consistently for the 5 year period from 2008 to 2012. In 2012, this increased to a perfect 100%! Inventory shrinkage has been eliminated, saving tens of thousands of dollars in total. The increased accuracy has also relieved Dual of the burden of performing its own on-site physical counts.

"We place a premium on utilizing the best partners for our business. LEGACY has been our strong 3PL partner for over 5 years, and exceeded our expectations," stated the Vice President of Dual Electronics. "LEGACY has improved our service performance, provided 99.9%+ inventory accuracy, and reduced our landed cost per unit. They were able to quickly turn around our distribution operation, and have been a proactive driver of continuous improvement in our supply chain while increasing our ability to service our major retail clients.

To find out more about how LEGACY can drive Rapid Performance Improvement in your distribution operation [click here](#), or contact Kim Brown at 800-361-5028 ext. 6.