

LEGACY Develops Full-Scale Supply Chain Solution for One of Canada's Largest Retailers

LEGACY SCS partnered with one of Canada's largest retailers to develop a full-scale, custom omnichannel supply chain solution, supporting the client's growth and enabling rapid expansion into new retail markets.



“When we engage in new areas and markets, LEGACY is partnered to bring forth the solution, expertise, development and, ultimately, execution.”





Introduction

One of Canada's largest retailers and B2B distributors has been on a consistent growth and expansion path for nearly 100 years. The company's portfolio includes many of the country's top retail, grocery and private label brands and it sells across multiple channels, including its own brick-and-mortar stores and online. A B2B distributor with hundreds of stores, they proudly employ over 200,000 people across their expansive retail network. (For purposes of this client success story, this large Canadian retail B2B distribution client will be referred to as LRC.)

LRC was met with an opportunity to expand into new market sectors, including apparel, general merchandise and, ultimately, to the world of eCommerce. They needed a partner to add value to their dynamic supply chain and provide scalable solutions to help support their growth and omnichannel expansion objectives. LRC sought out LEGACY based on strength of our relationship with their vendor network and our proven ability to service other well-known companies in the retail B2B distribution space. Ultimately, LRC's 3PL partner selection was driven by our expertise in developing supply chain solutions, combined with our system enablers as it relates to WMS platform, order management, online fulfillment, back end infrastructure and integration.



Opportunities

LRC was a long-standing expert in the grocery business and was looking to expand for the first time into new markets. At the time, they were not equipped to serve market growth with their existing B2B distribution network, technological systems, labor model and transportation network. The seasonality of retail also created challenges. LRC needed a partner it could grow with.

Overcoming Supply Chain Challenges: Speed to Market, Technology & People

Systems & Technology Limitations: LRC's technology environment did not allow for multi-dimensional SKU inventory management, or the ability to reserve and allocate inventory to individual store locations — ultimately limiting their ability to enter the rapidly growing online fulfillment arena of retail.

B2B Distribution Network: Existing facility locations were not optimized either geographically or within each facility operationally to service this new market growth. A high level of network redundancy existed due to utilization of satellite B2B distribution locations.

Non-optimized Labor Model: This retailer's labor model was not equipped to expand and contract in alignment with the seasonal demands of the new market. A need for a more flexible, scalable and cost-effective model was required to support expansion.

Solution

LEGACY took a highly collaborative and consultative approach to building a full-scale supply chain solution, including network design and facility location engineering, systems and technology, labor optimization and, eventually, eCommerce enablement. LEGACY leveraged its experience in the high-volume, fast-moving Retail and CPG supply chain segments to create value and support the client's aggressive path for growth and expansion into new markets.

Developing a Customized Retail Omnichannel Supply Chain Solution

Capital investments - Real Estate & Infrastructure: Existing B2B distribution centers within LRC's network had to be redesigned to accommodate new product lines. A network study was conducted that resulted in realignment of regional DCs, and overall network consolidation.

Technology Investment: LEGACY invested heavily in a custom technology solution designed around LRC's dynamic retail business. The WMS solution integrated seamlessly with the client's ERP to provide real-time inventory visibility and to support accounting and invoicing process requirements. The solution provided automated shipping mode optimization and also integrated with couriers and postal services to provide shipment in-transit visibility, reducing costs and enabling efficient order fulfillment.

Labor Optimization: LEGACY's labor solution included a flexible labor model with cross-trained personnel that LRC can redeploy in alignment with seasonality of volume, as well as across product lines.

Transportation Consolidation: Rapid market growth had created an enlarged transportation network and multiple B2B distribution sites; as a result stores would receive several shipments per day including vendor direct deliveries. LEGACY created transportation synergies by consolidating inbound deliveries to store locations. This new collaborative design consolidated LRC's B2B distribution and transportation network, reducing the number of deliveries and labor handling requirements at the store level.

Planning & Forecasting: Marketing and promotional programs were incorporated to allow for proactive planning. LEGACY developed a solution with both the client's supply chain and business units in an effort to support business strategy as it related to product release (dates, times), along with corporate marketing and promotional events.

Communication: LEGACY's solution starts with mirroring and alignment across all levels of the client's business. LEGACY's President, VP of Operations, General Managers and Supervisors are all involved in developing and implementing solutions and are actively engaged in managing the business at all levels.

A collaborative monthly business review was instituted to ensure ongoing dialogue between the customer and 3PL leadership on all critical areas of the business, including:

- Operational metrics performance (quality, service, productivity, inventory)
- Financial metrics performance
- People and culture indicators
- Continuous improvement and cost-out project decks
- Safety and compliance performance
- Planning initiatives, including upcoming promotions and forecasting

EXCEEDING PERFORMANCE

EXPECTATIONS YEAR-OVER-YEAR

7 YEAR OPERATIONAL TRENDS

107.15% SUPPORTING STRONG
VOLUME GROWTH
average annual volume
processed vs. forecast

4.18% COST OUT
average annual cost per
case reduction of 4.18%

4 YEAR ECOMMERCE FULFILLMENT TRENDS

113.2% SUPPORTING RAPID
ECOMM GROWTH
average annual volume
processed vs. forecast

21.6% INCREASED PRODUCTIVITY
exceeding annual target
by 21.6% on average

11.95% REDUCING COST PER CASE
average annual cost-per-
case reduction of 11.95%



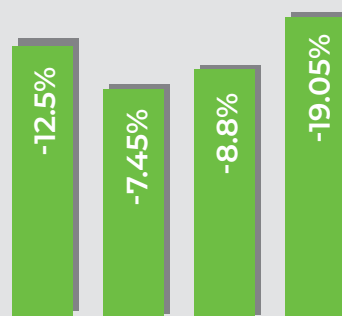
IN 2016, LEGACY EARNED THE
HIGHEST HONOR IN LRC'S
SERVICE PROVIDER NETWORK,
4 STAR COST & COMPLIANCE
RECOGNITION

Value & Results

Speed-to-Shelf = Sales Performance: The client was able to establish brand recognition and superior sales with the support of the LEGACY supply chain solution, ultimately becoming one of the top retail brands in Canada. Improved speed-to-shelf performance enabled LRC to achieve better in stock positioning in stores, thus improving sales and overall product visibility among consumers.

Cost Reduction: LRC was able to drive down carrying costs by reducing on-hand inventory requirements for approximately 10,000 individual SKUs. DC network realignment and removal of redundancy resulted in reduction of overall footprint by ~20% — significantly lowering real estate, labor and operating cost structures in their network.

Technology Enablement=Increased Efficiency: As a result of technology enablement, enhanced operational processes and labor optimization, the client has seen marked improvement across many levels of their supply chain.



REDUCING COST PER CASE:
exceeding annual budgeted ecomm
cost-per-case reduction by 11.95% on
average

New Market Opportunity: eCommerce Fulfillment

Six years into the relationship, LRC approached LEGACY to partner with them to help scale the rapidly growing online segment of their business. Much like the initial expansion into new markets, the client was looking for a partner to develop the custom omnichannel technology and operational platform to support their online business expansion.

Technology Enablement: LEGACY developed a custom eCommerce fulfillment solution, which integrated with client's back-end inventory management and front-end online storefront. This integrated solution provided real-time product availability to the online consumer, while enabling LRC to meet the ever-tightening service level requirements faced by online retailers today.

Enhancement of Existing Distribution Operation: The beauty of the eCommerce fulfillment solution was that it was able to be developed within the existing framework of LRC's network. No new locations were required, nor were massive investments in equipment and infrastructure. While the technology solution solved new challenges that the client faced around visibility and service, LEGACY's deep knowledge of their brick and mortar retail business and supply chain network proved invaluable through the expansion into online order fulfillment. Building eComm service requirements into existing operations empowered the client to increase the efficiency at which inventory was deployed across online and in-store delivery channels, while existing integration with major courier and postal services further enabled eComm fulfillment success.

Key eCommerce Fulfillment Solution Results:

- ✓ ENABLED NEW MARKET GROWTH – OVER 1000 ECOMM ORDERS DAILY
- ✓ MINIMAL CAPITAL INVESTMENT
- ✓ FULL VISIBILITY TO PERFORMANCE AND FINANCIAL TRACKING
- ✓ OMNI-CHANNEL INVENTORY OPTIMIZATION – ACROSS BRICK AND MORTAR & ONLINE

In addition to the successful expansion into the online shopping world, the client has since implemented many LEGACY operational best practices into other DC's in their North American network, including enhanced flow and reverse pick processes. The true testament to the successful 10 year+ partnership between LRC and LEGACY can be summed up in a quote from LRC's VP of Operations: "When we engage in new areas & markets, LEGACY is partnered to bring forth the solution expertise, development and ultimately execution."

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- VP of Operations, LRC



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