



Logistics

Offshore Sourced Textiles

Client is a leading global manufacturer of textiles with hundreds of sourced sewing, assembly, and packing operations. Products are sold thru retailer networks globally, including vast distribution and retailing in the United States

The Challenge

Global manufacturer of cotton casuals, fleece, intimates, and men's and women's underwear retained us to reduce logistics costs and cycle time in order to produce multiple production iterations during a massive 18 week summer sales cycle. The supply chain stretched from the US (raw materials) to Central American (manufacturing and packaging) and back to the US (retail). The perceived economics of ocean transport, coupled with the cost prohibitive perception of alternative logistics modes, discouraged the client from considering opportunities to apply logistics leverage to enable escalating production to satisfy fastest selling merchandise on the one hand, and on the other, to diminish throughput for slow moving finished goods. The pain points included stock outs of best selling products resulting in substantial unmet sales opportunities, overstocking of slow or non moving products causing significant obsolescence; and high per-unit-volume logistics cost.

The Solution

Transformed Cotton Casual clothing lines from Ocean transport to International Air Cargo; outsourced domestic manufacturing to Latin American and Caribbean manufacturing, focused to Honduras, El Salvador, Costa Rica, and Puerto Rico; reduced cycle time by 70%, reengineered product packaging to increase yield, engineered processes at each end of all air shipments to insure full utilization of airplane capacity; reduced fully loaded transportation costs by competitive bid and by engineering optimal asset utilization; designed a solution that virtually eliminated annual product obsolescence, and that satisfied market demand with timely product availability, greatly enhancing opportunity revenues and product sell-through. We reengineered domestic and host country ground transport incidental to air cargo operations, and in the process, created oversight that reduced the potential for shipping contraband from offshore manufacturing locations to the US mainland. We then designed a process that aggregated and managed contingency WIP inventories to insure timely and complete loading of aircraft, eliminating the potential of flying less than fully loaded aircraft, optimizing transportation yield, and significantly reducing the logistics cost per unit. After on site research at each originating and terminating airport, we detailed service requirements, which then drove a vast international air carrier global RFP. We similarly, researched and contracted with Ground Service Support operations at each of dozens of involved airports.

The Value

2 year engagement identified opportunity to reduce cycle time by 70%, to reduce fully loaded transportation costs by \$34 million, eliminate \$340 million of annual product obsolescence, and optimized the potential of a \$2 billion annual cotton casual season. First year ROI of \$370 million.

