CASE STUDY
INTEGRATED APPROACH HELPS LEADING DIRECT MARKETER OPTIMIZE DISTRIBUTION

The company, with distribution in 68 countries, is one of the largest direct marketing companies in the world. For more than a quarter of a century, the company has developed and launched many popular, high-quality consumer products in the beauty, skincare, entertainment and wellness categories.

The company’s infomercials have featured numerous A-list celebrities and its award-winning productions have been credited with transforming the broadcast direct marketing industry. Based in California, the company’s global presence extends to England, Sweden, Germany, Japan, Australia and India.

CUSTOMER CHALLENGE

Following a long period of continuous growth, this consumer products leader recognized the need to optimize its U.S. distribution network. Seeking to reduce unit costs and enhance service levels, the company began evaluating its options through discussions with leading third-party logistic providers. The company sought an innovative solution that would include transport modeling, facility and network design, as well as other key components.

As a key step in optimizing distribution, the company decided to relocate its largest distribution operation from Des Moines, Iowa, to Columbus, Ohio. However, finding a suitable site proved challenging since every additional penny per square meter would make a difference in this highly competitive and price-sensitive marketplace. Additionally, the company needed a facility with specific design features to ensure efficient operations.

CUSTOMER CHALLENGE:
- Evaluate site options to identify the optimal solution in terms of cost per square meter and location
- Relocate key distribution operation from Des Moines, Iowa, to Columbus, Ohio
- Design and build facility on tight deadline

DHL SUPPLY CHAIN SOLUTION:
- Establish a multi-disciplinary team with expertise in logistics, real estate and construction project management
- Conduct a thorough evaluation of site options, including existing facilities and land built-to-suit
- Provide financing for facility through construction and negotiate favorable lease terms
- Manage construction to overcome weather delays

CUSTOMER BENEFITS:
- Managed costs through effective real estate planning and execution
- Customized integrated design concepts to meet specific needs
- Finished construction in eight months despite extensive weather delays
DHL SUPPLY CHAIN SOLUTION

The company chose DHL Supply Chain for its holistic approach, which included an integrated team of experts in logistics, real estate and construction management.

To identify the optimal solution, the DHL Real Estate Solutions team took a systematic approach that explored four options: using existing facilities in move-in condition; buildings for sale that could be adapted and/or repaired; land for sale by third party developers; and other land available for purchase and self-development.

After a thorough review, DHL determined that a build-to-suit approach provided the lowest cost per square meter. The available facilities were too large and would have added cost for unused space. To ensure the best value for the customer, DHL reviewed proposals from a variety of developers.

As the project moved to design, logistics experts from DHL provided the insights to ensure the new 30,000 square meter facility performed as planned. This included customizing features, such as bay spacing, to ensure efficient operations.

Next, the project management team began construction. Unfortunately, heavy rains and high heat presented obstacles and caused delays. Very hot daytime temperatures created issues with preparing cement so DHL applied chemicals to dry the site and stabilized saturated sub-grade soils with lime and cement. To combat the heat, concrete was poured at night when temperatures had cooled off.

Persevering despite these challenges, DHL adapted to the weather delays by planning a phased ‘fast track’ approach for the delivery and start-up of the facility.

CUSTOMER BENEFIT

Working as a multi-disciplinary team, DHL combined its expertise in logistics, real estate and project management to deliver an optimal supply chain solution.

This approach resulted in the lowest-cost solution, which will save the customer money over the seven-year lease term. The Real Estate team handled financing through the construction phase and the eventual sale to investors.

Working to a compressed schedule, the construction management team’s commitment to overcoming obstacles enabled the facility to open on-time.

QUOTE

“We chose DHL Supply Chain because we were confident in their ability to get it right the first time. DHL was the right choice to support our ambitious growth plans.”

Customer Executive

For further information
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