

THINKING OF "MOVING" INTO THIRD-PARTY LOGISTICS?

John McKenna



Market Opportunity

- **GROWTH OF INTERNET SALES** (STATISTICS FROM SHOP.ORG)
 - HALF OF RETAILERS SURVEYED FOR LAST HOLIDAY SEASON
+30% GROWTH YEAR OVER YEAR
 - 75% OF RESPONDENTS SAY CYBER MONDAY IS HIGHEST
GROSS REVENUES
 - 70% CONSUMERS BOUGHT ONLINE
 - OF THE 70%, MORE THAN HALF OF THEIR SHOPPING WAS
ONLINE

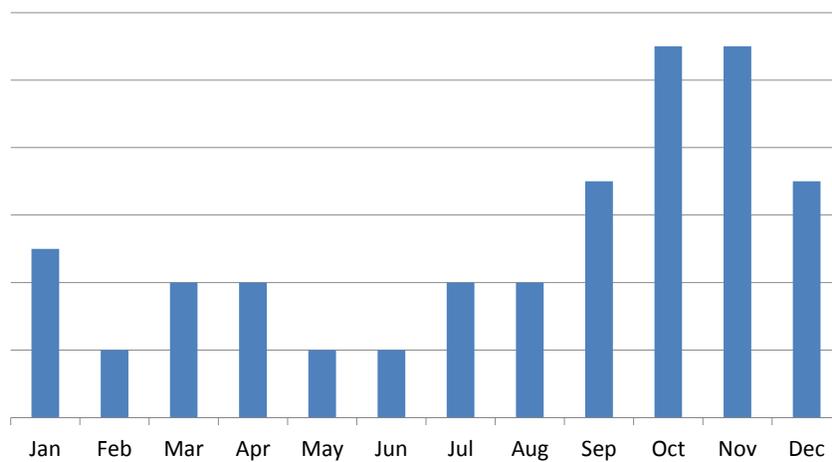


WHY IS INTERNET GROWING

- CONVENIENCE
- EXACT FIT
- NON-COMMODITY ITEMS
- RETAILER ARE REDUCING THE SELECTION ON THE SHELVES
 - COSTCO.CA VS COSTCO
 - BESTBUY.CA VS. BESTBUY
 - STAPLES.CA VS STAPLES



RETAIL SUPPLY CHAIN CYCLE



HEALTH EQUIPMENT

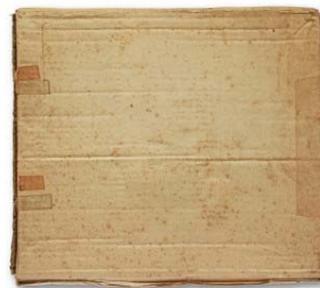
MCKENNA'S JOB WAS TO STOCK
INVERSION TABLES AND DELIVER THEM
DIRECTLY TO THE HOMES OF
CUSTOMERS OF A MAJOR RETAILER

NO PROBLEM!



INVERSION TABLES

- BOXES WERE ABOUT 30"X36"
AND WEIGHTED ABOUT 50
POUNDS.
- ONE BOX PER STOCK KEEPING
UNIT.
- SHIPPED ON A COURIER (HOME
DELIVERY)
- EASY DELIVERY TO CUSTOMER'S
HOME.



INFRARED SAUNA

- SAME CLIENT
- SAME RETAILER
- SAME CUSTOMERS
- UNIT IS “KNOCK DOWN” CONFIGURATION (SELF ASSEMBLY)



INFRARED SAUNA

- MULTIPLE BOXES PER STOCK KEEPING UNIT
- GLASS LAID FLAT
- LARGE BOXES
- HEAVY BOXES



The Perfect Storm



OPPORTUNITY

- FOR MOVERS THIS IS A “NO-BRAINER”
- COMPETENCE TO HANDLE IT CORRECTLY
“COVER THE CORNERS”
- EXPERIENCE WORKING WITH PEOPLE AND THEIR HOMES
- VALUE ADDED OF ASSEMBLY AND DUNNAGE REMOVAL

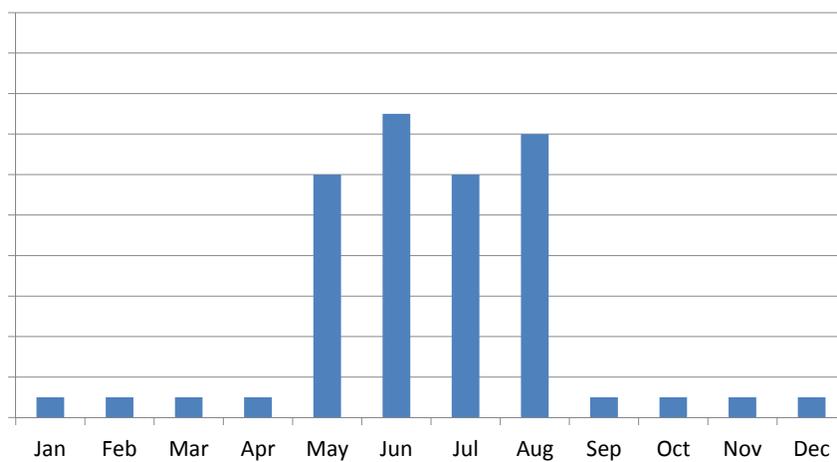


CONSTRAINTS

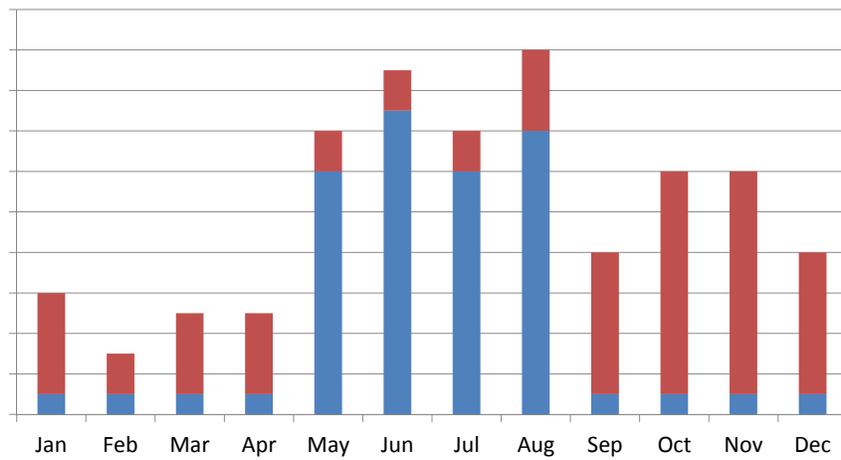
“Do not talk to me in May, June or July and I will probably ignore you in August too”



HOUSEHOLD MOVING CYCLE



COMBINED BUSINESSES



CHALLENGES

- HOUSEHOLD MOVING IS VERY LUCRATIVE BUSINESS IN THE SEASON
- MANAGING INTER-MARKET TRANSPORTATION
- ESTABLISH A NATIONAL NETWORK?





WHO IS MCKENNA?

- ESTABLISHED 1950
- NORTH AMERICAN AGENT
- 1972 LICENSE BOUGHT BY
F. LAPALM OF BELLEVILLE
- KENWOOD ALSO RENTED SPACE
FOR MANY YEARS
- YOU NEVER KNOW WHAT A
SUMMER STUDENT MAY
BECOME...



...AND TODAY?

- TORONTO: 250,000 FT²
- VANCOUVER: 80,000 FT²
- CONSUMER GOODS DESTINED FOR RETAILERS OR DIRECT TO CONSUMERS.



QUALITY

Mr. Hepburn



QUALITY AND EFFICIENCY

Measure	Best in Class (top 20 %ile)	Median
On-time Shipping	over 99.8%	98.5%
Order Cycle Time (Internal)	under 3 hours	13 hours
Cases picked and shipped	over 255 cases per hour	99.4 cases per hour
Inventory count accuracy	over 99.8%	98.8%
Labour Utilization	over 92%	85%

DC Measures 2012
Warehouse Education Research Council



WHAT ARE THE FUNDAMENTALS

CONTROL

- INVENTORY
- PRODUCT
- LOT
- SERIAL NUMBER
- TRANSACTIONS
- DATE
- TIME
- DETAILS

SPEED AND ACCURACY

- REAL TIME
- COMMUNICATION (EDI)
- REDUCE LABOUR
- REDUCE READING AND
TRANSPPOSITION ERRORS
- MANAGE COSTS



TECHNOLOGY

- SOFTWARE
- HARDWARE
- EDI



EVOLUTION OF SCANNING



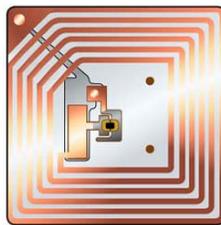
PICK-TO-LIGHT



PUT-TO-LIGHT



RFID



SUMMARY

- OPPORTUNITY – INTERNET SALES GROWTH
- COMPLEMENTARY BUSINESS CYCLES
- NEEDS OF THESE CUSTOMERS
- SOME OF THE TECHNOLOGY TO HELP



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