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Casual Living

VOICE OF THE LEISURE MARKET PLACE

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nominees
100 Powerhouse
retailers



Putting the brakes on high transportation costs

By Cynthia Kincaid



FUEL PRICES, competition, transportation and manufacturing costs have steadily risen over the past few years, so many furniture vendors and retailers are now feeling the pinch.

“We are seeing the shakeout of the players in the industry, and that shakeout is being exaggerated by the person with the worst supply chain,” said Ed Feitzinger, senior vice president of North Carolina-based, Golden Gate Logistics. “Years ago, everyone was growing, people were buying and the high tide was floating all boats. Now we have an unusually low tide, so

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the people with the least efficient supply chains are really getting hurt.”

To rein in costs and do business more competitively, smart dealers and retailers in the casual furnishings industry are hav-

ing to adopt shrewd business practices, especially where logistics and transportation are concerned.

Streamlining ground transportation

With the cost of energy expected to keep rising over the coming years, streamlining the transportation process is going to be key to running a thriving business in the future. And a third-party logistics company (3PLs) may be one way to accomplish that.

“Goods from overseas, especially Chi-

na, arrive in Southern California ports faster than anywhere else just because of the distance,” said George Hynes, president of California-based Logistic Edge. “So if your products aren’t going to Southern California, you might think about shifting them to Southern California, especially if a large percentage of your market happens to be in California.”

Companies selling to customers all over the country, especially through the Internet, should carefully review where the lion’s share of the products are going and ship accordingly, Hynes said. If 70% is going to California, 20% going to the East Coast and 10% going to the Midwest, it may be cheaper to have everything shipped to the West Coast and then pay a little more to have it distributed from there.

“If you don’t have any distribution capacity, you can look to employ a 3PL company, that would receive the containers, unload the merchandise and then do all of the shipping,” Hynes said.

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Incorporate technology

Technology is also going to play a greater role in streamlining efficiency and protecting profits in the coming years.

Companies like Golden Gate Logistics offer a variety of technological solutions to transportation issues that save time and money. For instance, their FLEX (Furni-

ture Less than container Express) system allows dealers and retailers to consolidate orders bound for multiple destinations into one shipping container.

“FLEX allows us to put more groups in a container, which lowers inventory position, and enables customers to get as close as possible to the direct container price,” Feitzinger said. “Dealers can pick and choose from the factory, and we consolidate those goods into a single container and ship it.”

Companies like Golden Gate Logistics also have state-of-the-art technology that allows for real-time tracking. “We have the ability to track a container from the factory floor in China, Asia or wherever it’s being produced all the way through to the dealer’s warehouse or store,” Feitzinger said.

This kind of technology not only presents dealers with a greater ability to keep track of merchandise, it can also save on hidden costs. For example, many ports and rail companies now charge daily fees if a container is not claimed and removed. Tracking technology can prevent these charges by alerting dealers to container arrivals.

“Knowing your container is going to arrive by Friday will allow your distributor to get it out of the yard before Monday morning,” said Feitzinger. “Otherwise, you could conceivably go home Friday night and show up Monday morning



and have an unexpected \$200 bill in your hand.”

Dealers who take advantage of third-party transportation companies can also have state-of-the-art web-based technology to track overseas and truck shipments without having to invest in the technology themselves. “We have a web-based warehouse management system that allows dealers to log onto our system anywhere in the world and check inventory status, place orders through the Internet, or see what product they have in our warehouse at any given time,” Feitzinger said.

Other avenues, such as partnering with other dealers and retailers to share shipping containers, and collecting numerous shipping bids are also prudent practices to undertake. Combining streamlined transportation, creative partnering strategies and the most advanced technology will be critical to running a profitable and competitive business in the future.

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