

CASE STUDY

Delivering operational flexibility in a challenging market



Supporting a global retailer's distribution network

Challenge Summary

When Ace Hardware needed a reliable and flexible partner to efficiently and effectively manage their network of warehouses in Dubai, finding a provider that could offer regional access to facilities, a high echelon of service and commitment, and the right experience were non-negotiables.

Thanks to solutions employed by PSA BDP, Ace Hardware now has a one-stop-shop to meet the detailed specifications of their demanding international supply chain. With a Warehouse Management System, Ace Hardware experiences the full visibility required by their internal order process, streamlined communications and metric reports, and cost savings.

The Challenge

Ace Hardware re-launched its international business in 2011 with a greater emphasis on global sourcing and regional distribution. The company established a distribution center in Dubai, United Arab Emirates to service its growing retailer network in the region.

There were a number of challenges associated with Ace's DC optimization. In a high-speed business environment Ace wanted to create an efficient operation, reduce/manage costs, and get the most out of their labor resources. According to Brian Cronenwett, Vice President, International Logistics, the ability to ramp up and down as business dictates – often driven by economic and political situations – was and still is a critical factor.

As Ace was changing logistics providers, the rates in an agreed-upon contract with the new 3PL were significantly increased following a major management change in the 3PL's Dubai office. Ace knew they had to make another change – fast.

"Fortunately, Bill Black, [PSA BDP's] Senior Director, Global Chemical Sales in Dubai, had stayed in touch with Ace during this period, so we reached out to [him] ," Mr. Cronenwett says.

The Solution

The company wanted a provider who was not only reliable but also flexible and with access to multiple warehouses in the region.

"We wanted a business partner that valued long-term customer relationships. Any time you change a partner in the supply chain you open up issues," Mr. Cronenwett says. "Our customers have some pretty demanding requirements and do not want to have to train new organizations. Our processes are not cut and dried like most consumer products companies where the product come in and goes out. Distribution and shipping requirements, either to stores or warehouses in the region, often vary. So we want to avoid any business interruptions due to resource changes."

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"Ace was looking for a partner that could accommodate the Ace strategy to streamline, add efficiencies and improvements to their existing business model -- a partnership with a priority on high service levels, commitment and a desire to grow with Ace," Mr. Black adds.

The challenges for PSA BDP were to find the right warehouse partner with the experience of managing a company such as Ace, knowledge of the Ace terminology, and the ability to handle 5,000 pallet positions including growth and expansion aspirations. Further, PSA BDP had to provide a similar Warehouse Management System that Ace was using.

Black and his team worked closely with PSA BDP Operations in Dubai, who sourced from their list of possible vendors to select the most qualified warehouse operator. PSA BDP explained the goals, strategy and requirements to prospective resources to meet Ace's needs.

Meetings were held including a pre-qualification presentation to senior Ace management in Dubai. A warehouse inspection followed and a suitable facility was found in the Jebel-Ali Free zone, Dubai to accommodate the products and provide additional space for growth when required.

"We wanted a warehouse provider that spoke Ace's language and fully understood their requirements," Mr. Black says.

The warehouse is used for general products, such as hardware, garden and kitchen accessories. Services provided include storage, handling for palletized and non-palletized cargo, cross-docking, labeling, sorting by SKU, repacking, palletizing and shrink wrapping, scanning, and inventory management.

The Result

The solution ensured that PSA BDP would offer a one-stop-shop built around its flexibility to accommodate all of Ace's needs, supported by a WMS -- to provide the visibility required within the order process -- that Ace was already utilizing to provide a smooth transition during the upgrade of the system. All warehouse communications and reporting are managed and controlled by the PSA BDP Dubai Team.

"We could see [this team] was the right choice, a company that could take Ace to the next level. That was evident during meetings with various [PSA BDP] operations employees and in particular once we got the ball rolling. [They] have been a great partner in the MENA region," Mr. Cronenwett says. He pointed to responsiveness and flexibility at all levels of the organization, as well as the integrity and commitment of PSA BDP employees.

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-Brian Cronenwett,
Ace Vice President, International Logistics

PSA BDP also provided Ace with efficiency savings in line with their expectations. "Cost savings have been realized from being able to reduce Ace's warehouse footprint and the ability to ramp space up and down as needed," Mr. Cronenwett adds.

PSA BDP oversees a second warehouse, also located in the Free zone, on behalf of a disaster relief organization, an Ace customer.

"Both warehouses are being well managed. The relief organization has unique and urgent requirements," Mr. Cronenwett says.

PSA BDP also manages a charter service for the relief organization, which includes palletizing so that cargo matches up with capacity on cargo planes.

"Those are things Ace does not usually get involved in so it is wonderful to have a resource like [the team] on the ground in Dubai that fully understands our needs and can quickly respond and handle them for us," Mr. Cronenwett adds. "[PSA BDP] gets the job done."

About Ace Hardware

Ace Hardware is the largest retailer-owned hardware cooperative in the world with more than 5,200 locally owned and operated hardware stores in approximately 65 countries. Headquartered in Oak Brook, Ill., Ace and its subsidiaries operate an expansive network of distribution centers in the U.S. and have distribution capabilities in Ningbo, China; Colon, Panama; and Dubai, United Arab Emirates. Since 1924, Ace has become a part of local communities around the world and known as the place with the helpful hardware folks. For more information, visit acehardware.com or newsroom.acehardware.com.