NorthCape

live life outdoors



CASE STUDY

Customer service levels soar by integrating manufacturing and distribution

LeSaint Logistics

3PL KnowHow™

AT A GLANCE

ABOUT NORTHCAPE:

- Line of business: Outdoor furniture manufacturer
- 750+ customers from mom-and-pop retailers to large national stores
- 3 distribution locations nationwide (IL, NJ, CA)
- Domestic manufacturing of cushions and other upholstery

A CLOSER LOOK AT LOGISTICS

To fulfill its mission, NorthCape needed to have consistent, outstanding customer service and best-in-class manufacturing and logistics operations that keep lead times to a minimum for customers.

Unlike traditional client relationships with logistics providers, LeSaint Logistics manages aspects of manufacturing - such as sewing and assembly – beyond just inventory and distribution.

LeSaint also helps NorthCape efficiently manage rapid changes in customer needs and immediately respond to customer inquiries onsite with NorthCape's customer service team.

PERFORMANCE THAT COUNTS

The NorthCape and LeSaint partnership has resulted in:

- 50% reduction in backlog of past-due orders
- 15% productivity improvement in outdoor cushion manufacturing
- Improved customer service from tightly integrated manufacturing and distribution
- Eliminated overhead by consolidating two small warehouses, while still expanding the business

FULFILLING THE MISSION

NorthCape is dedicated to providing its customers with high-quality, stylish, comfortable outdoor furniture at an affordable price. The mission is simple: find the perfect balance of classic designs and current trends at an exceptional value.

Since its founding in the 1980's, the company has migrated from sourcing goods overseas, to now manufacturing and assembling products domestically. As a result, customers benefit from shortened lead times and expanded options for balancing inventory during seasonal highs and lows in demand.

Three years ago, NorthCape's management team realized that customer service and operational excellence in manufacturing and logistics were increasingly critical to achieve their aggressive double-digit growth goals.

A RADICAL IDEA: WHY NOT CONSIDER OUTSOURCING?

"We had tried several operations management personnel, but none of them really had the leadership or talent management know-how to get done what we needed to," says Tom Murray, president of NorthCape. "We knew, that unless we could become excellent at execution, we were going to have a sunk ship."



"When we were looking for a logistics partner, there were very few 3PL's who would even consider the manufacturing aspect. LeSaint never hesitated."

Tom Murray, president of NorthCape

"NorthCape has a great product and great customers. Once we understood their challenges – in particular, the impact that manufacturing and distribution has on their customer service levels – we knew we could help them really fine tune their operation."

Dino Moler, executive vice president of client relations at LeSaint

"One day, our team was sitting in a meeting, and the idea to outsource some of the operational aspects [of the business] came up. At first, we all thought it was too radical, but the more we talked about it, the more it seemed like a viable option."

NorthCape set out to evaluate potential outsourced partners. They started with a list of 10 candidates and quickly narrowed it down to three.

"The reason LeSaint stood out is that they were interested in getting involved in the manufacturing side of the operation." This was critical to NorthCape, because they knew they needed operational help, not just distribution help.

TIGHT INTEGRATION OF MANUFACTURING AND DISTRIBUTION CREATES VALUE

Today, LeSaint Logistics operates a 120,000 square feet manufacturing and distribution facility in Illinois, co-located with NorthCape's corporate offices and customer service team. What's most unique about the operation is LeSaint delivers manufacturing-related services such as sewing cushions and furniture assembly, in addition to managing logistics and distribution.

There are four major aspects to the services that LeSaint provides to NorthCape:

1. **Management:** LeSaint provides the leadership expertise to manage the full-breadth of talent and skills for the manufacturing and logistics teams. "LeSaint's been enormously successful at staffing sewers. This is a niche within skilled labor, and the nature of our product makes it even harder to find the right fit." says Murray.

   "We established standard policies and procedures for how the operation runs, including the area of staffing," says Jim Mackowiak, director of operations at LeSaint. "There is a 'right' way to do things. Having it documented helps employees and management have a common understanding."

2. **Organization:** LeSaint and NorthCape knew they would need to overhaul the current facility – everything from where inventory was stored to re-designing more efficient assembly processes.

"Once you start measuring something for the first time, I can tell you that you're probably not going to be happy with what you see. But you have to see it, understand it, and then fix it. LeSaint is helping us do just that."

Tom Murray, president of NorthCape



3. **Efficiency:** LeSaint also established consistent measurements for each aspect of the operation, such as understanding capacity, setting productivity levels by role and function. Examples of metrics they use are:
   - How much product is shipped for every man hour spent in the warehouse?
   - How many pillows is a sewer in the cushion factory producing every hour?

   In some cases, measurements have revealed the operation required more machinery or that employees needed stronger incentive programs.

4. **Capacity:** Putting a cap on fixed costs during as the business grows is important for NorthCape's financial performance. With LeSaint, NorthCape has added access to capacity – whether that means tapping into new warehouse space or quickly finding labor.

PERFORMANCE THAT COUNTS

With these four critical areas covered, NorthCape has seen major improvements. They've cut the backlog of past due orders in half, and had a 15% productivity gain in outdoor cushion manufacturing. They also consolidated two of their smaller warehouses into the Illinois location, and eliminated the overheads associated with them.

Even more impressive is customer service levels are skyrocketing. This is in large part due to shortened lead times and NorthCape's increased ability to quickly react to customer inquiries. "When customers feel comfortable knowing they'll get predictable service, they're willing to buy more" says Murray.

Expectations for tighter deliveries and better service are not going away with NorthCape's customers anytime soon. In fact, they rely more and more on NorthCape's inventory capacity and want to balance inventory better as seasonal demand fluctuates.

With the Illinois facility up and running successfully, Murray is able to focus on customers and spend less time on the details of the operation. "My advice: it's a solid year of investment to get acclimated with your partner, so make the investment up front and know it will pay off."