

# TURN-KEY DISTRIBUTION

## CASE STUDY



### Audiovox Corporation selects MD Logistics for customized, turn-key distribution solution

#### BACKGROUND

Audiovox Corporation, a leading international supplier and value-added service provider in the consumer and mobile electronics industries, acquired the audio/visual accessories line of Indianapolis-based Thomson Consumer Electronics in 2007.

#### CHALLENGE

The purchase agreement required Audiovox to relocate the entire business— including 1500 SKU's and 15,000 pallets of product. The challenge was intensified by Audiovox's need to separate the business from Thomson both electronically and financially. Included in the transition were all order-to-cash systems, warehousing and distribution facilities, as well as all vendor and customer related systems. Further complicating the process was the need to move all customer service and administrative functions from Thomson.

MD Logistics was awarded the warehousing and distribution business, and accepted the challenge to complete the transition within 60 days.

#### WHY MD LOGISTICS WAS THE SOLUTION

MD Logistics was able to acquire 264,000 square feet of dedicated warehouse space quickly. The warehouse was built out with rack positions to accommodate 10,000 pallets, and bulk space to house another 5,000. In addition, MD Logistics implemented and installed a state of the art IRISTA WMS with pick face locations to accommodate 800 SKU's for package picking, and another 240 pick locations for bulk. To manage the growth, they also rapidly recruited and trained eight new management staff and 60 full-time associates.

The business relationship took an open-book approach, allowing Audiovox to see actual man-hours and costs behind servicing the electronics supplier's needs. Both the Audiovox and the MD Logistics teams functioned cohesively on all tactical details, and worked together to test all operational and technological systems over a 10-day period.

The partnership also required that MD Logistics work with Audiovox to integrate all order transaction details via EDI – as well as create visibility to inbound Asian container traffic and outbound domestic transportation tracking.


Once the initial 60-day implementation was complete, MDL took Audiovox through a system stabilization process which allowed for a seamless Christmas season.


"We produced a six-month transition in 60 days," said Mark Sell, CEO of MD Logistics, "and rolled on from there."

#### RESULTS

Throughout the integration, "MD Logistics stayed the course, never wavered, never gave up, followed through in spite of tough difficulties and daily struggles," said Jim Gordon, senior vice president of operations for Audiovox.

"It was an aggressive and challenging timeline," said Sell. "The Audiovox purchase agreement with Thomson dictated a go-live date. And even though all processes were not stable, we were able to move forward anyway. With open dialogue and consistent communication, we were able to work through the challenges."

 Currently, MD Logistics handles 1,500 to 2,000 orders and up to 35,000 outbound cases per day for Audiovox. In order for Audiovox to maintain real-time visibility of this volume, MD Logistics deployed its web-based tool, MD Net.

 This capability allows Audiovox to track all inventory throughout the warehouse, including inbound schedule receipts, inventory on hand, and outbound customer orders through to proof of delivery.

Audiovox made an additional acquisition of Technuity/Batteries.com, a supplier of batteries to both retailers and direct customers. The new work from the acquisition was accepted readily and moved smoothly into the MD Logistics facility. The additional work includes receiving bulk product from Asia, labeling, re-packing and shipping.

“MD Logistics’ distribution capabilities in order fulfillment and its ability to process nearly 35,000 cases per day and ship around the world, as well as their ability to receive product in bulk from Asia and then label and repackage, made them the logical choice for our operation,” Gordon explained.

### **BENEFITS TO THE CLIENT**

MD Logistics is providing Audiovox with flexibility, says Sell. “We build what Audiovox asks for.” In addition MD Logistics provides speed, state of the art ready facilities, and an ‘open-book attitude.’ “In other words,” says Sell, “we built trust between our two companies. It was a challenging task, but we responded with open dialogue and worked it through, together.”

#### *Benefits include:*

- Flexibility to respond and to create solutions
- Speed of implementation, especially on challenging schedules
- Turnkey, state of the art facilities and robust information technology infrastructure
- Retail-compliant services which include retailer ASN's and compliance labeling
- True partnership attitudes
- Solid local vendor relationships
- Decisive, non-bureaucratic executive team
- MD Net, real-time web-enabled inventory visibility
- Capacity of both physical space and of appropriately trained personnel