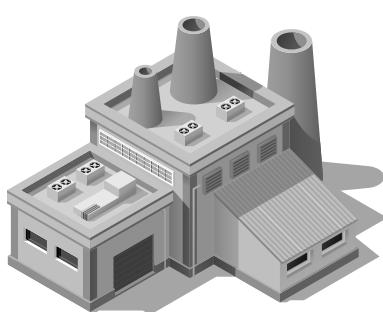
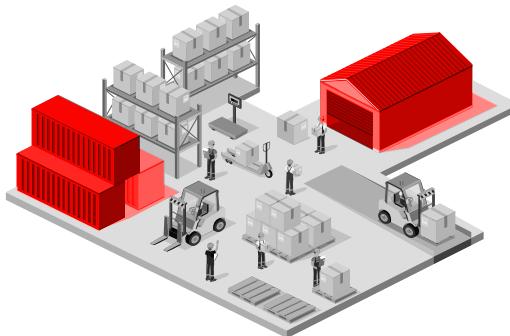
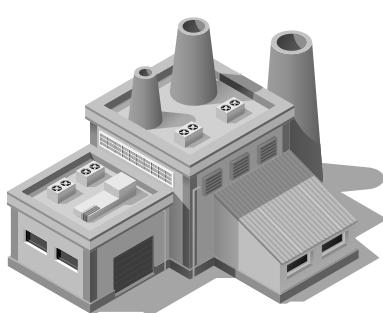
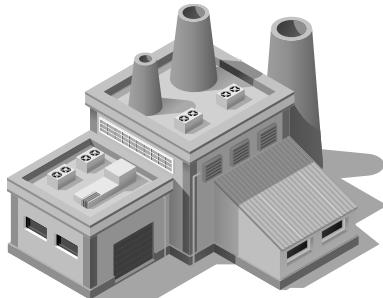


THE PACKAGING HUB

A GUIDE BY



Improve Quality, Cut Costs, and Take Back Control of Your Supply Chain



FACTORY

DEUFOL
BUSINESS
SOLUTION

RESULTS

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THE DILEMMA

A industrial manufacturing company faced a challenge that seemed to have no obvious solution. The company in question produced intricate industrial products that relied on many parts manufactured overseas. Many of those parts came from multiple vendors located in the same area of China.

The similarities between the vendors ended with geography, though. The manufacturing company was experiencing a range of different levels of service between the vendors. Some packaged their products to a high quality standard, while others seemed to think of packaging as an afterthought. Some vendors could provide feedback on order status and location while other provided no information. Some were quick to resolve defects and issues while others were slow to respond to any request.

Perhaps more frustrating for the manufacturing company is how the vendor products arrived at the company's main production facility. Since all the products were shipped directly from the individual vendor, the manufacturing company was constantly receiving shipments of parts at random times. Some parts might arrive in a week, while others could take two months. Often production couldn't move forward until the last component arrived.

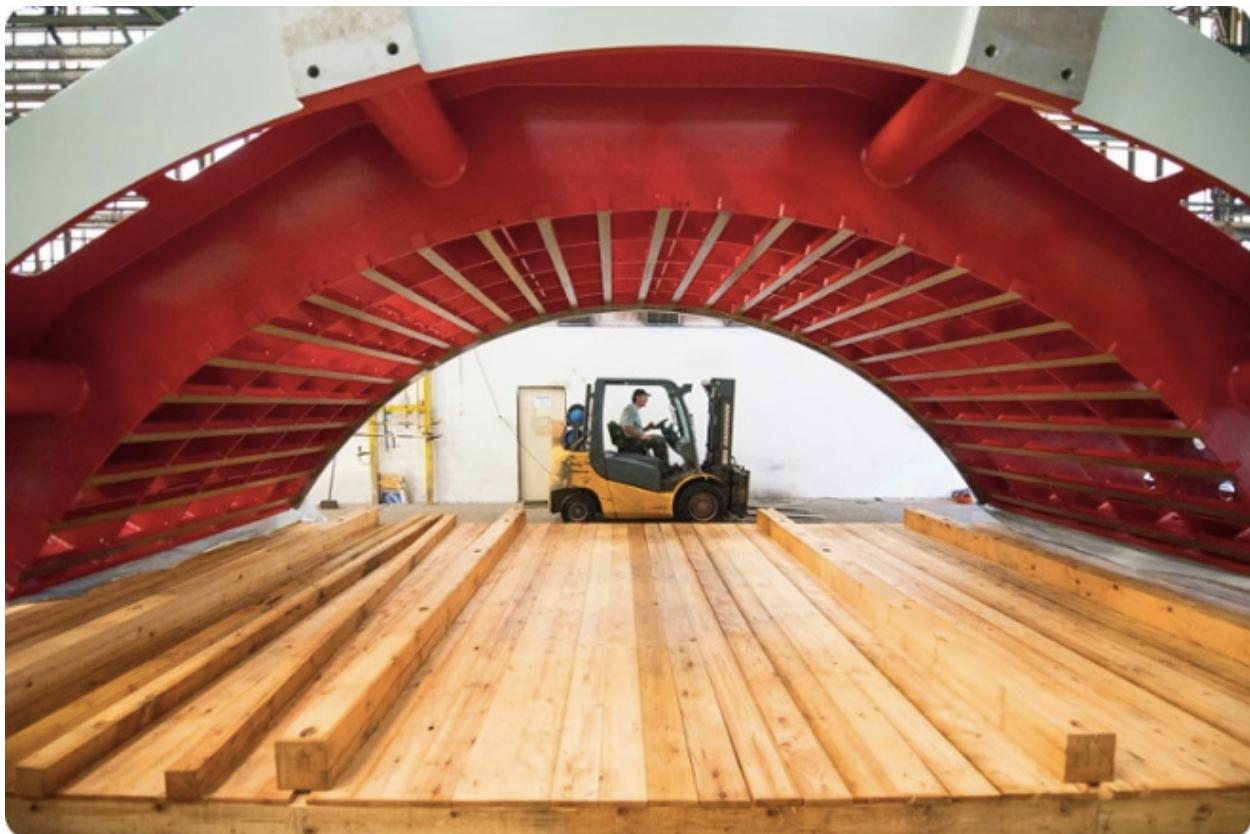
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Your hub partner can set KPIs and measure vendor performance against benchmarks.

THE DILEMMA

Management was at a crossroads. They knew they needed to continue sourcing products from China to protect their margins, but they also knew they needed to streamline their supply chain and their vendor management process.

Of course, there were substantial obstacles to taking control of the global supply chain. Foremost, the manufacturing company didn't have a sizable presence in China, and certainly didn't have the resources to supervise their vendors' packaging and shipping processes. Without eyes and ears on the ground, how could they take charge of the shipping and delivery of their parts?



THE DILEMMA

Nearly every company that has a widespread, diverse supply chain faces these challenges and more. While globalization and technology have let manufacturers access more vendors than ever, that diversity has also created some difficult complexities, such as:

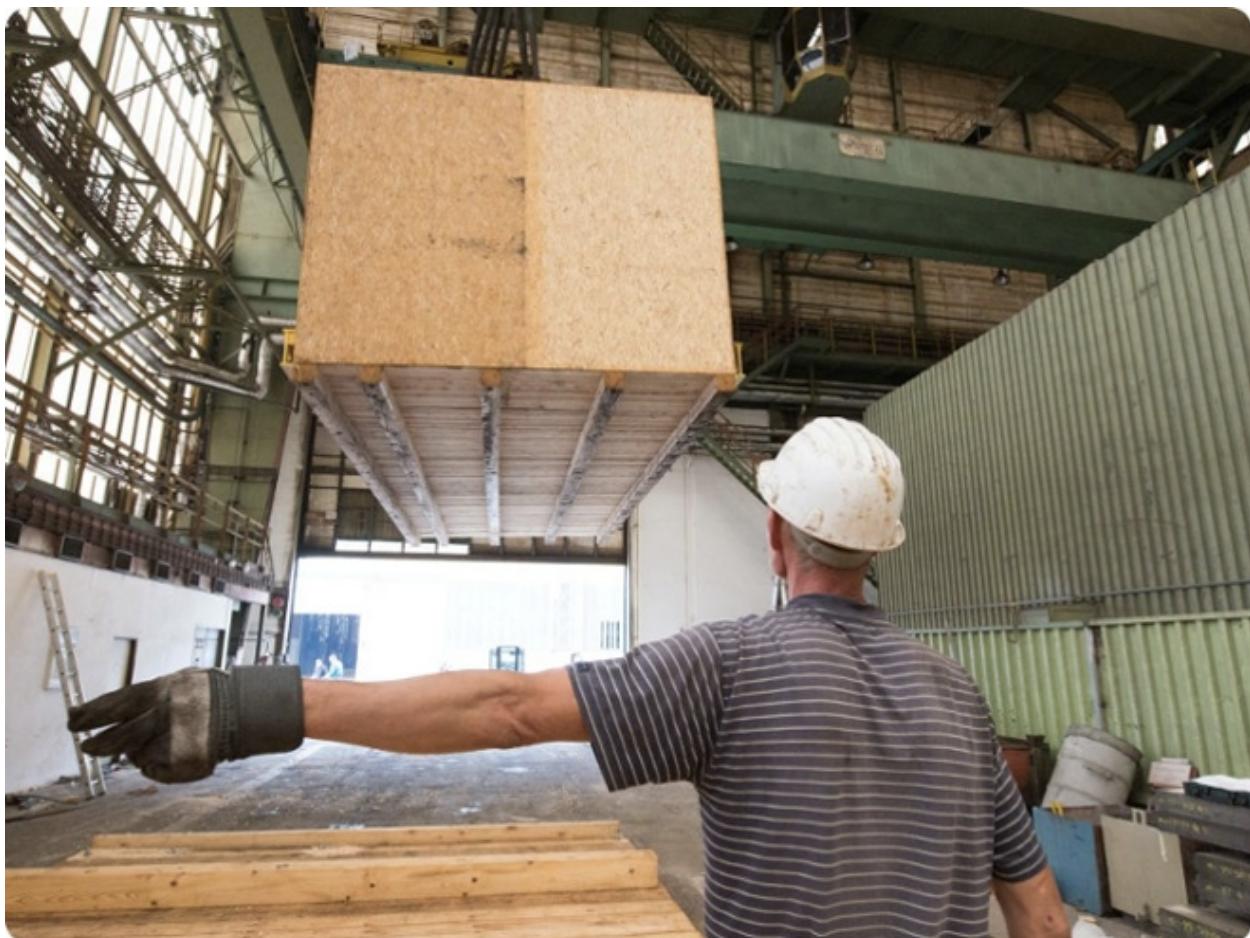
- **Packaging variance.** Not all vendors have the skills, resources, or capabilities to package products to your quality standards. That could create risk of defects.
- **Logistical inefficiencies.** You may have multiple vendors sending multiple shipments across different carriers to reach your facility, even though the vendors could be in the same geographic location.
- **Wasted labor.** Your employees may spend too much time unpacking containers from multiple vendors and eliminating of dunnage and other packaging waste.
- **Lack of control.** Perhaps most importantly, you don't own the entire process. That may make it difficult for you to control costs, schedule, and more.

What's the answer? At Deufol, we've worked with many industrial companies and manufacturing companies facing some or all of these challenges. In many cases, we've helped them implement an innovative solution that can help to protect quality, reduce cost, and increase profitability. It's a strategy we call a "packaging hub," and it could be just what you need to retake control of your supply chain.

WHAT IS A PACKAGING HUB?

A packaging hub is simply a central facility where vendors ship their parts and products. It works best when you have a cluster of vendors located in relatively close proximity to each other. You establish the hub in a central location that is a short distance from each vendor. The hub is operated and staffed by a third-party packaging and logistics partner like Deufol.

The hub changes the process and flow of parts and materials to your facility. Right now, you may have multiple vendors individually packing and shipping their parts and materials directly to you. Things work a little differently with a packaging hub.



WHAT IS A PACKAGING HUB?

Remember, with a packaging hub located near your vendors, the vendor only has to pack for a short transit. That means they can minimally package your product for a shipment that ideally takes one day or less. They then send the shipment to the packaging hub.

Upon arrival, the hub team unpacks the container and inspects the contents for quality and defects. If there is an issue, the hub notifies the vendor so they can resolve the problem. After inspection, the hub team checks the parts and materials into a tracking software so you can monitor status and progress.

As more parts and materials arrive, the hub team continues to check for quality and input data into the tracking system. When all required parts are present, the hub team will repack. However, they will do

so by bundling parts together based on their destination. For instance, you may prefer that two parts are packaged together even though they come from different vendors because it saves your team time on the receiving end. The hub team uses your guidance to pack for quality and efficiency.

By establishing the hub, you take control of most of the supply chain process.

The new bundle package is sent to your facility, where your team can open the container and immediately access all parts from multiple vendors. Since the parts were checked for quality at the hub and the hub team packaged the new container to your standards, you can be confident that you won't have quality issues at final delivery.

BENEFITS OF A PACKAGING HUB

Why does it make sense to establish a packaging hub central to your vendors? At first glance, it may seem like a significant investment simply to optimize your supply chain. However, the benefits of the hub are far-reaching. We've seen just how much a hub strategy can impact a business's outcomes.

Some benefits of a packaging hub include:

- **Control.** By establishing the hub, you take control of most of the supply chain process. You can control quality, cost, delivery schedule, and more, bringing more certainty and predictability into your business.
- **Quality assurance.** Right now, you may not catch quality issues until the container reaches your facility. That may be weeks after the part was originally produced. With a hub, you catch issues early in the process so you can get them resolved quickly.
- **Cost savings.** Your vendor will only have to pack for a short shipment to the hub. That shortened transit time should lead to reduced packaging materials and lower costs for the vendor. As part of the implementation of the hub, you should be able to negotiate new prices that reflect the vendor's reduced cost.
- **Transparency.** Knowledge is power. Without a hub, you may not have knowledge about the status, location, or schedule of your parts. A hub gives you real-time transparency so you can make informed planning decisions.

BENEFITS OF A PACKAGING HUB

- **Warehouse flexibility.** You may face periods in which you're low on shelf space. Maybe you have a bottleneck that has backed up the production lines, or maybe you have an excess of parts that won't be needed for some time. Your hub can serve as a backup storage facility for materials that you don't need right away.
- **Early assembly.** The hub team can do more than just bundle parts together. They can even perform early-stage basic assembly steps, so your production is already one step ahead of schedule when the parts arrive in your facility.
- **Vendor management.** Your hub operational partner can also serve as a manager for your vendor relationships. They can set KPIs and measure vendor performance against benchmarks. They can also work with vendors to find incremental improvements.

While a packaging hub is a packaging and logistical solution, it has the potential to revolutionize nearly every aspect of your supply chain. At Deufol, we've seen firsthand how such a solution can have a substantial positive impact on a manufacturer's efficiency and profitability.

IS A PACKAGING HUB RIGHT FOR YOU ?

Still not sure whether a packaging hub is right for you? Below are a few questions to ask yourself to guide your thinking. If you answer yes to several of these questions, it may be worth investigating a packaging hub as a solution.

1. Do you have multiple suppliers clustered in the same country, region, or other geographic location?
 2. Do your suppliers have difficulty achieving your packaging quality standards?
 3. Do your suppliers charge you extra for packaging that meets your standards?
 4. Do you lack the transparency and visibility that you desire into your supply chain?
 5. Would your supply chain be more efficient and cost effective if parts from the same region were all shipped together?
 6. Would you reduce labor time if some basic assembly/bundling tasks were completed before parts arrived at your facility?
 7. Could you benefit from additional warehousing space located near your global vendors?
 8. Do you have “eyes and ears” on the ground in near your global suppliers who check for quality and act on your behalf to resolve issues?
 9. Do you want more control over your global supply chain?
 10. Do you want to reduce costs, waste, and inefficiencies in your global supply chain?
-

Ready to discuss a packaging hub and how it could benefit your organization? Let's talk about it. Contact us today to schedule a conversation with one of our packaging hub consultants. We welcome the opportunity to connect with you and help you meet your goals.

For more information, or to discuss your own industrial challenges,
<http://info.deufol-us.com/industrial>

For answers to your most challenging packaging problems,
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