

CASE STUDY

Staying in gear



Making sure your overseas transportation and logistics process runs smoothly

Challenge Summary

How does a company that sources products in Asia keep things moving smoothly half a world away?

Services & Technologies Used

- Ocean and Air Transportation
- Regulatory and Security Compliance
- Customs Clearance
- Logistics Management
- Shipment Tracking
- Imports and Exports Across Multiple Trade Lanes
- Global Documentation
- Data Management
- Performance Management

The Challenge

Trek Bicycle, based in Waterloo, Wisconsin, imports finished bicycles and parts from a number of locations, including Taiwan, Japan and China. The company often imported small shipments from different vendors to a single location in the United States, then redistributed inventory to final destinations.

Trek's goal was to keep its shipments moving without interruption.

The Solution

It did this by outsourcing its logistics management services. PSA BDP Asia Pacific suggested switching from direct, less-than-container-load shipments to multi-country consolidation, Trek's Director of Logistics says.

Now, during a normal production schedule, Trek receives one or two consolidated parts containers each week from Hong Kong or Taiwan. PSA BDP loads the containers with products destined for one of Trek's four US distribution and manufacturing facilities. That not only saves on transportation but also eliminates the need to break down containers and redistribute the contents to multiple locations.

"[The team's] dependability, along with their familiarity with our product and our needs, has proven invaluable," states Trek's International Transportation Manager.

"Our great working relationship has helped us through some very difficult times. For example, a few years ago, when new model year production was about to begin, we were expecting 13 consolidated containers - a big increase. Seven of these moved via one vessel. This particular vessel was at sea only a few days when a major problem occurred and the voyage was stopped.

"The parts were hot, the ship was late, and delays in clearance would have been disastrous. At the same time, the other containers were delayed," Trek explains. "[Their] diligence in monitoring the containers, updating Trek, and providing alternative options, enabled us to find a solution. The containers were unloaded in previously unused ports, which actually resulted in quicker arrival times. The clearance through these ports was handled without delays and the parts arrived on time. Working relationships with the entire [team] have made anything we come up against manageable."

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-International Transportation Manager,
Trek Bicycle Corporation



Value of Outsourcing

PSA BDP provides Customs clearance services to Trek for all (Asia Pacific) import shipments, as well as air freight. "We rely on [their] knowledge and leverage in the industry to provide us with the service we need for our air shipments," Trek explains. "Outsourcing means we can depend on someone else for all the 'background' decisions, such as weather, capacity and equipment issues. We trust [them] to do this."

Speaking the Buyer's Language

Important to the buyer is the logistics service provider's ability to "speak the buyer's language," managing information in a way that meets the needs of the purchasing and import functions. That facilitates inventory planning back home, says Trek's Director of Logistics. "Importers are striving to have information systems that let their Purchasing people go directly online to get the information they need," he says. At Trek, tracking information also is accessible to the Engineering, Production Planning, Logistics and Import departments. "We rely on our third parties to guide us (in information management)", he adds.

What to Look for in a Logistics Company

Because importers in North America are so far removed from their day-to-day logistics operations in Asia, it's important that they choose their agents carefully. Too often, says Managing Director of PSA BDP Asia Pacific, "the liaison function can be carried out by service providers as a nuisance activity and thus is conducted on a superficial level." To bring real value to the process as a communicator and information provider, it's necessary for the supplier to have a mind set that lets them "become the client," he believes.

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Customer Benefits

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| Real-time tracking of shipments | Customs clearance expertise speeds |
| Multi-country consolidation saves time and cost | Importing process |
| Streamlined logistics management eliminates hassles and reduces cost | Sophisticated information services and container monitoring facilitate JIT inventory planning |
| Experienced shipping provides quicker, more dependable delivery | Strong working relationship builds trust |

Logistics service providers and importers recommend looking for the following capabilities and qualities when selecting a provider in Asia:

- Global coverage, including both logistics and technological infrastructure
- Ability to exchange information seamlessly with all parties in the supply chain
- Understanding of local customs and business practices
- Direct control over cargo handling and movement
- Sophisticated information systems capabilities (for track-and-trace, data management, metrics, reporting)
- Wide range of services, including consulting and supply chain design
- Ability to effectively manage subcontractors
- Flexibility and objectivity
- A proactive and entrepreneurial outlook