



Vital Steps for Building a **PROACTIVE SUPPLY CHAIN** in 2024

eBOOK



Disruptive events in years have proved how volatile our global supply chains were in the face of unexpected circumstances. Labor shortages, plant closures, sourcing and transportation delays disrupted nearly every industry in ways that couldn't be ignored. However, many of these challenges were not new—they were simply brought to light and magnified. The years since have only underscored the urgency for businesses to build stronger, more resilient, and proactive supply chains.



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3 KEY COMPONENTS OF SUPPLY CHAIN MANAGEMENT

Proactive supply chains take a forward-thinking, holistic, and strategic approach to managing day-to-day operations. Instead of fixing issues ad hoc, proactive supply chain management looks for opportunities to continuously improve to drive performance, prevent issues and hit long-term goals.

Building a proactive supply chain culture requires an environment that promotes data visibility, communication and collaboration, and innovation and continuous improvement.



I



**END-TO-END
DATA VISIBILITY**

II



**COMMUNICATION
AND COLLABORATION**

III



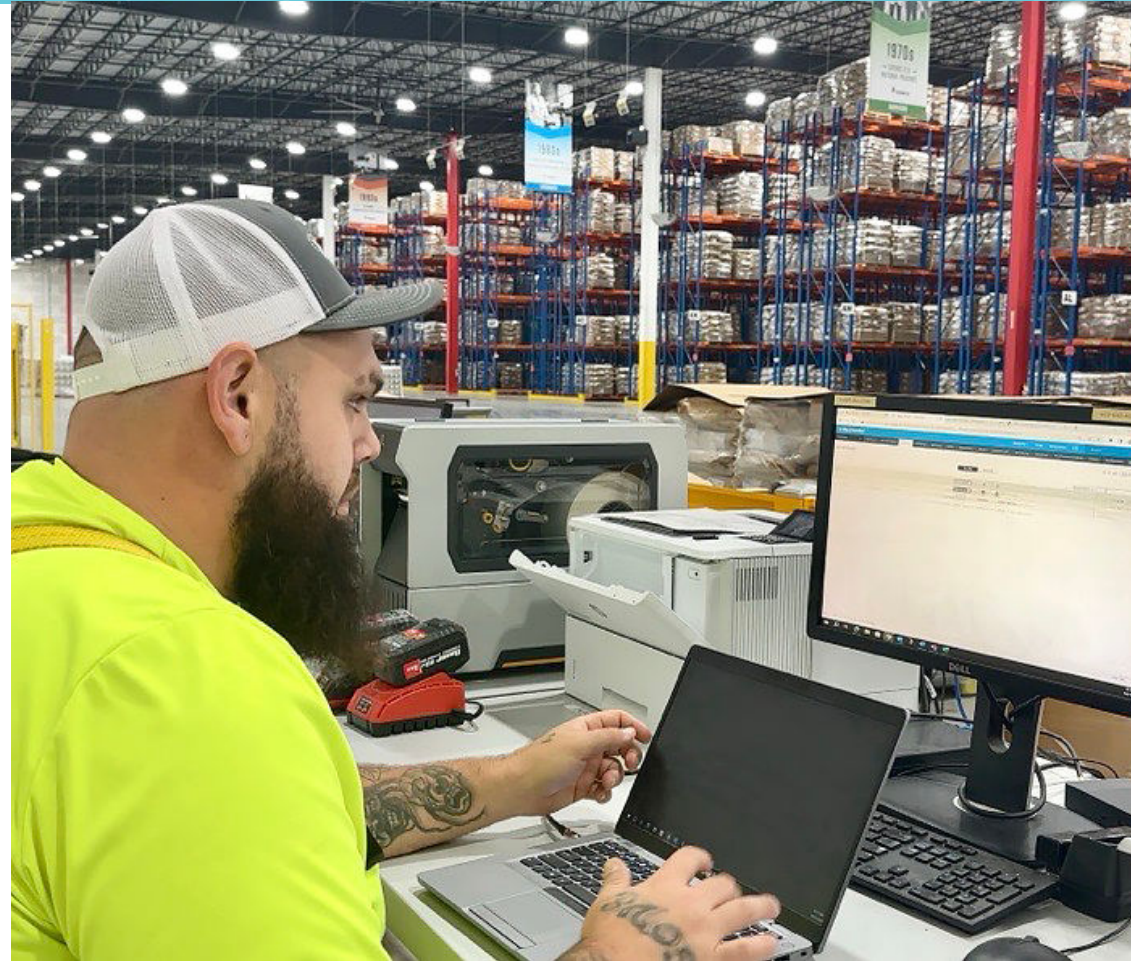
**INNOVATION AND
CONTINUOUS IMPROVEMENT**

I. END-TO-END DATA VISIBILITY

Gaining visibility across the entire supply chain is no small feat. With multiple vendors involved and so many moving pieces every step of the way, it can be extremely challenging to connect the dots to get a holistic picture of the state of your supply chain. That said, the industry has been making leaps and bounds in the realm of data analytics and integration to address visibility gaps.

Tracking the right metrics, in real-time, across key supply chain functions, like production, warehousing and distribution, and transportation is critical to ensuring the health of your supply chain. There's no one-size-fits-all approach to choosing which metrics to pay keen attention to because these will vary greatly depending on the type of business you operate and your goals.

Kenco tracks metrics for customers in our warehouses and transportation network using tools including **Kenco O/S** and our **Transportation Control Tower**.



*Tracking metrics, in real time,
is critical to ensuring the health
of your supply chain.*

360 Degree Warehouse Operations Oversight with Kenco O/S

At every Kenco warehouse and distribution center, a proprietary operating system, **Kenco O/S**, is deployed to ensure each site is operating under the highest standards. Our facilities are meticulously measured on six critical pillars, each with their own set of KPIs. Each of these individual metrics is pivotal in surfacing areas that are performing well or need to be looked at for potential course correction.



We utilize onsite dashboards and an online user interface to provide the appropriate level of visibility to the right people—associates, supervisors, facility leaders, and other stakeholders.

SIX PILLARS OF KENCO O/S



1. SAFETY METRICS

We track key safety metrics in compliance with OSHA, plus additional data points to mitigate potential incidents.

- OSHA Recordable Rate
- Lost-Time Incidence Rate
- Claim Rate
- EMR
- FMCSA BASICs
- EMR
- Safety Audit Score

Our dedicated Risk Management team manages and executes a progressive and consistent safety program that has led to Kenco performing 42% better than the industry in recordable injuries and 34% better than the industry in lost-time injuries.



Kenco's safety and security policies are among the most stringent in the logistics industry.

2. QUALITY METRICS

Critical quality metrics, like picking error rates and damage-free shipping rates, are tracked to ensure operational excellence in our warehouses. These include, but are not limited to:

- Inventory Accuracy
- On-Time Shipping & Delivery
- Picking Error Rate
- Quality Audit Score
- Damage-Free Shipping
- Customer Complaints (DPMO)

Kenco sites average an on-time shipping rate of 99.8%, an inventory accuracy rate of 97.3%, and an order accuracy rate of 99.98%.



3. TALENT MANAGEMENT

Our people are our most important asset. We track key metrics like turnover and engagement scores to make sure Kenco remains one of the top employers in the supply chain and logistics industry.

Other metrics include:

- Bench Strength
- Temp-to-Perm Ratio
- Overtime %
- Q12 Engagement Score
- # Coaching Sessions

Kenco O/S Certified sites have 48% lower turnover than industry averages.



Four strategies for Finding and Retaining Warehouse Labor

Labor continues to rank as a top priority for warehouse managers working tirelessly to keep up with skyrocketing volumes and supply chain disruptions from the COVID-19 pandemic. These four strategies will help shippers find and retain the labor needed for their warehouse operations.

Read the full blog for more information:

READ BLOG

4. LABOR MANAGEMENT METRICS

We track labor and operational metrics in real time to ensure our facilities operate efficiently, with zero waste. A few of these include:

- CPUS
- Efficiency Rate
- Productivity Rate
- Utilization Rate
- UPLH
- OSHA Recordable Rate
-

Our approach to labor management and productivity has yielded a 31% higher operational efficiency than industry averages.



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5. ACCOUNT MANAGEMENT

- # VOCs Complete
- Net Promoter Score
- Client Retention Rate
- Contract Renewal Rate
- Organic Growth Rate
- Cost to Budget / Billing Accuracy

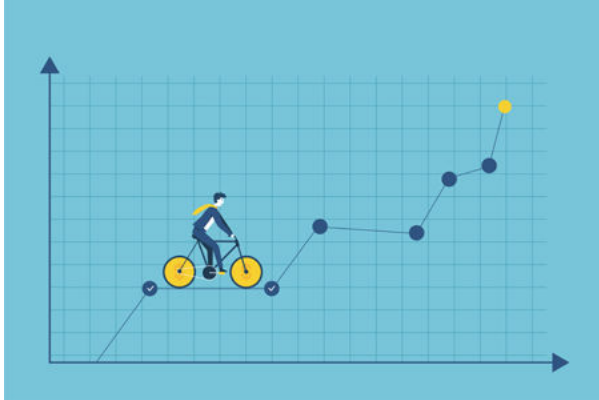
Because of Kenco's relationship-first approach, our Net Promoter Score is 30% higher than the typical B2B company, and our customer attrition rate is 70% below the logistics industry average.



Our Net Promoter Score and low customer attrition rate speak to the importance of stellar account management.

5. CONTINUOUS IMPROVEMENT METRICS

To ensure continuous improvement in our facilities, we track and analyze how our facilities are performing over time.



- YoY Gains Across Metrics
- Value Creation Index
- Kenco / Client Gain Share \$
- Kenco O/S Minimum Requirements
- Kenco O/S Baseline Assessment Score
- Kenco O/S Certification Level (Bronze, Silver, Gold)

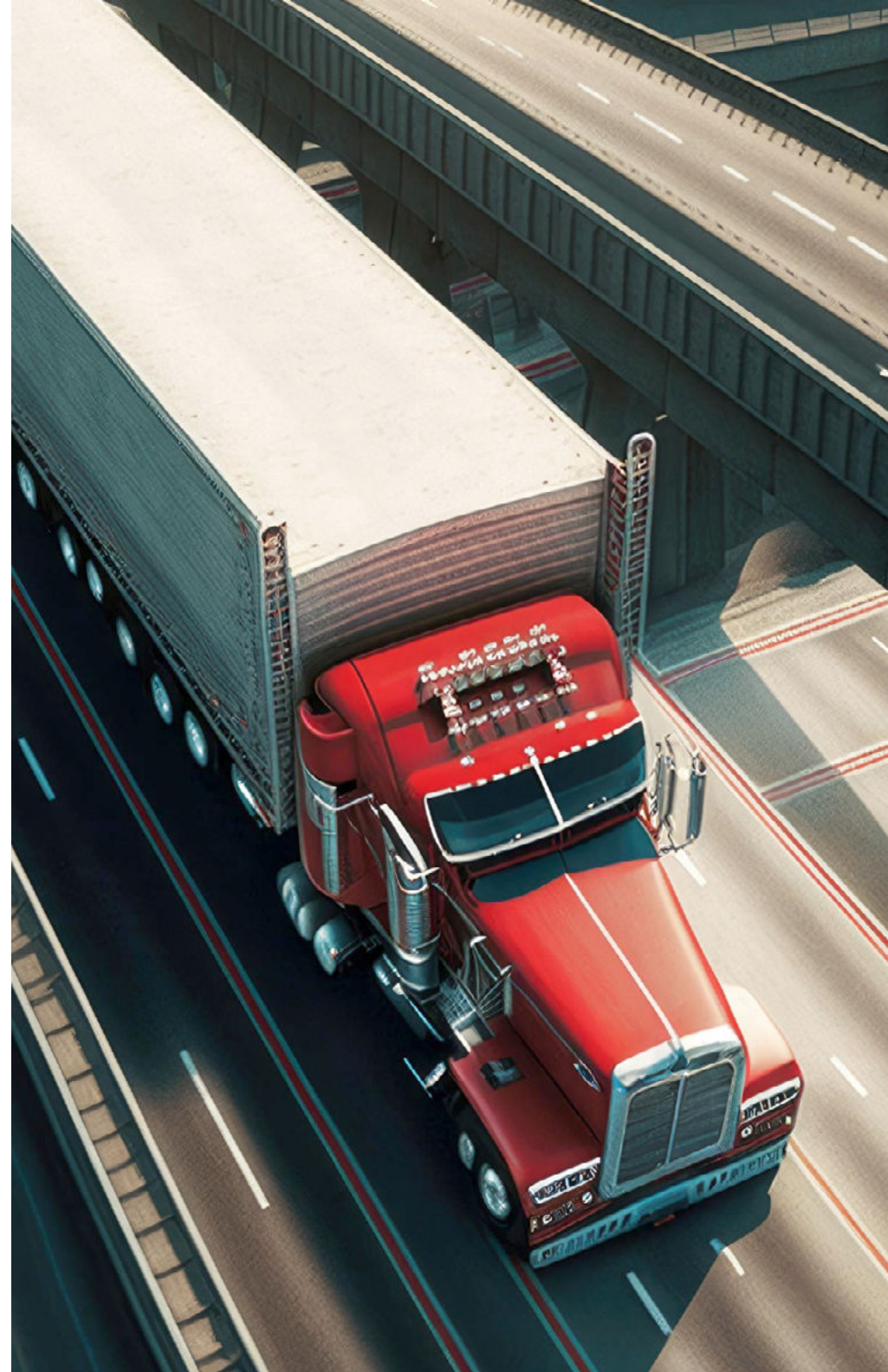
Kenco's Continuous Improvement program typically delivers 5% operational savings year-over-year during the first contract term.



Overseeing Transportation Networks with Kenco's Control Tower

Transportation and shipping are one of the highest cost drivers of the supply chain. According to 2018 research from Statista, last-mile delivery costs comprised a whopping [41% of all supply chain costs](#). With regards to transportation, visibility into costs as well as the operational metrics, like status of orders and loads, will help teams become more proactive and prevent potential issues.

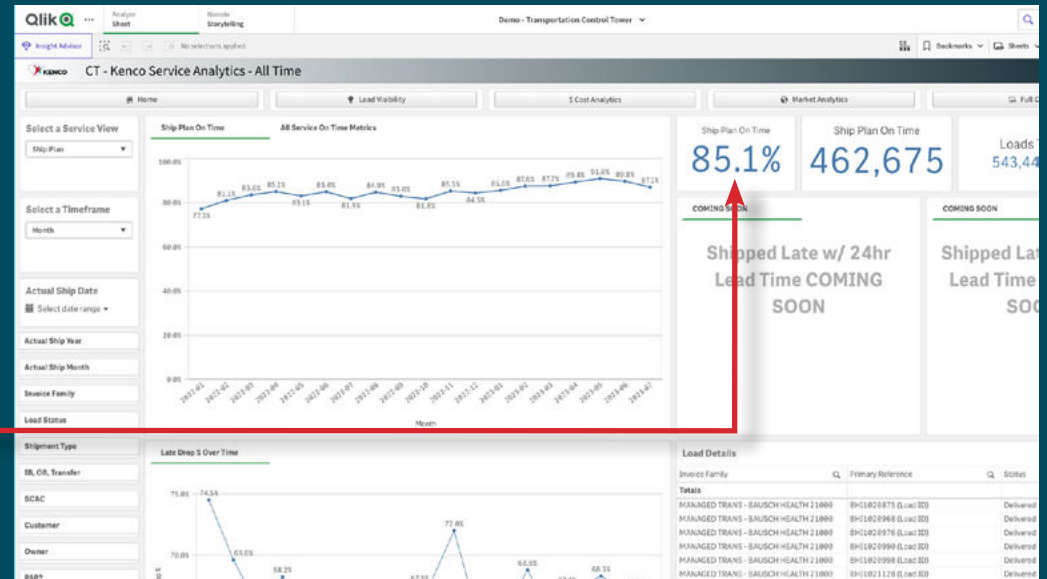
Kenco's Transportation Control Tower offers both a bird's eye view and a drill-down of transportation network operations and costs, organized into the following categories. The metrics on the following pages are a sample of the types of metrics tracked by Kenco's Control Tower, and are by no means exhaustive.



1. SERVICE ANALYTICS

The Service Analytics module highlights the following key metrics, plus more:

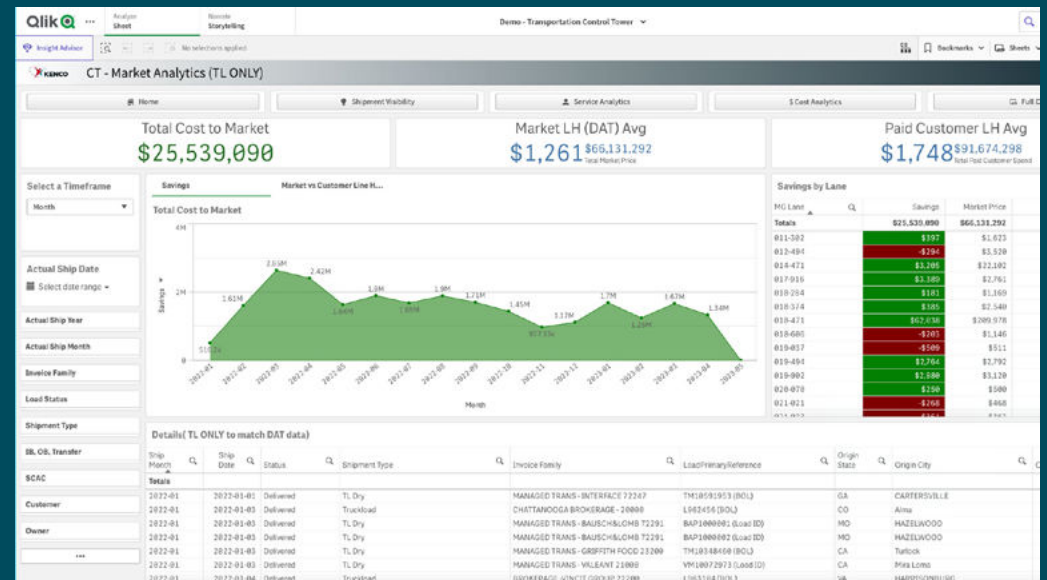
- Completed Loads
- Loads by Carrier
- Planned Delivery Service
- Receiver Authorized Delivery (RAD) Delivery Service
- % On Time Shipments
- Late Delivery Reasons



2. MARKET VISIBILITY

With the Market Visibility module, compare your transportation performance to the market.

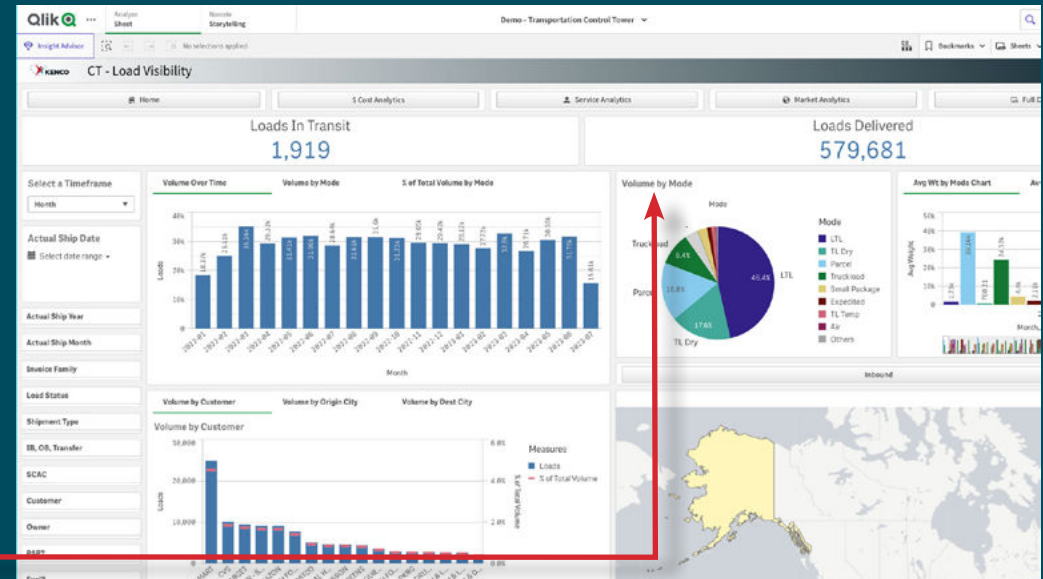
- Monthly Spend vs. Market Spend
- Average Rejection Rates
- Average Lead Times



3. LOAD VISIBILITY

Get real-time insight into the current status of loads, plus year over year trends.

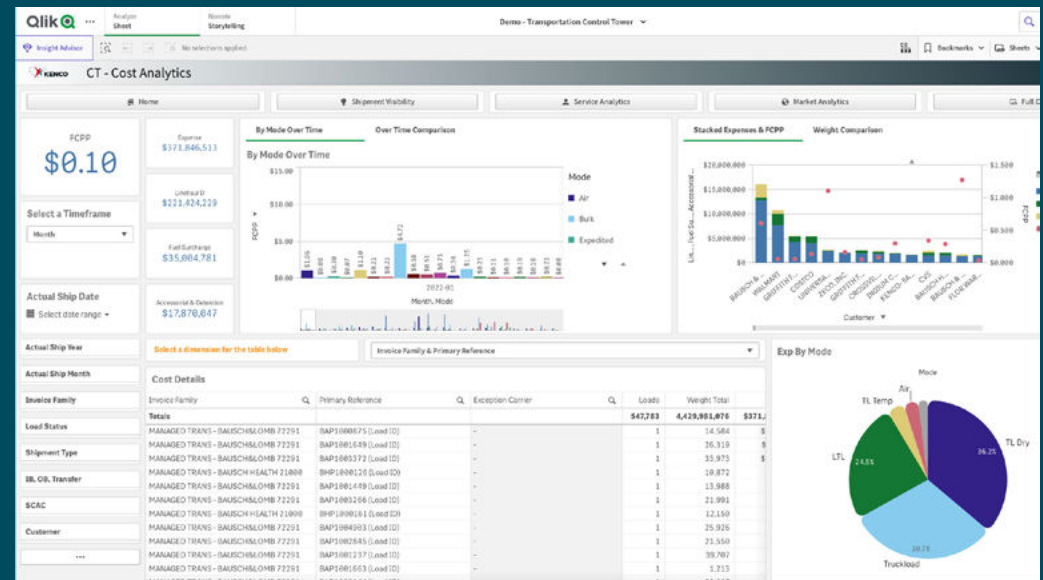
- Loads In Transit
- Loads Booked
- Loads At Risk
- Late Pickup
- Pending
- Tender Rejected
- YoY Volume
- Volume by Mode
- Total % of Volume by Mode



4. COST ANALYTICS

Drill down into costs by transportation mode, customer, carrier, class, or load.

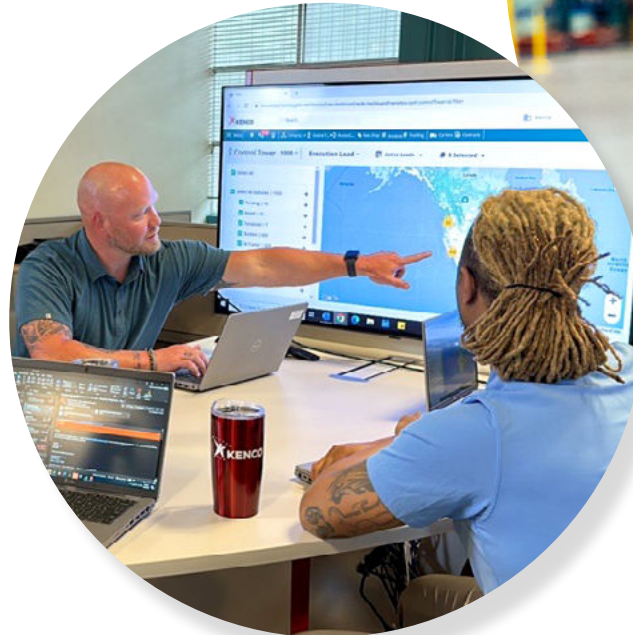
- Average Freight Cost per LB
- Total Cost to Market
- Cost per Transportation Mode
- Average Costs per Customer



II. COMMUNICATION AND COLLABORATION

Communication and collaboration across the supply chain are key ingredients for designing proactive supply chain solutions. When everyone is empowered to voice their concerns or surface new ideas, better solutions are brought to the forefront, improving efficiency, safety, talent retention, and other areas.

The following examples showcase how Kenco has worked collaboratively with customers and internally amongst colleagues to innovate and solve issues.



Open, honest communication improves efficiency, safety and talent retention.

Collaborating to Improve Safety on the Floor at Kenco

Many of Kenco's innovations were born directly from the experiences of associates on the floor. In one example, it was identified by forklift operators that certain periphery hardware, like RF scanner guns, stretch wrap, clipboards, and even personal items like water bottles, were at risk of falling off the dash of the forklift and interfering with the controls.

Through collaboration across several teams, Kenco devised a solution that allowed these accessory hardware devices to be either magnetically attached to the forklift roll cage and body or affixed via holsters. By securing these devices, operators were given more peace of mind in their daily work, and in some cases, were able to increase productivity and speed.



Attaching accessories to prevent them shifting or falling provided peace of mind for our drivers.

Preventing Worker Fatigue at a Blue Buffalo Distribution Center

In 2018, Blue Buffalo, a pet foods supplier, partnered with Kenco to run their largest distribution center in Goodyear, AZ. One of the challenges they faced was outfitting this facility for direct-to-consumer (D2C) operations without driving up costs. To do so, Kenco and Blue Buffalo put on a 3-day Kaizen event, bringing together floor associates, managers, and Blue Buffalo stakeholders to map out current processes and brainstorm new solutions.

The outcome of the event was to create a designated area in the warehouse for the top products driving D2C revenue.

Results: Average distance walked to pick orders decreased from over 500 feet to 43 feet, drastically reducing time-to-fill and employee fatigue.



III. INNOVATION & CONTINUOUS IMPROVEMENT

Proactive supply chain management doesn't just settle for good enough. It asks, "How can we continue improving?" It takes a culture that prioritizes innovation and continuous improvement to push the boundaries and bring forth solutions that meet tomorrow's challenges—not just today's needs.

In 2015, Kenco launched its Innovation Lab to identify, research, and experiment with cutting-edge ideas and technologies to do just that. The Innovation Lab's dedicated team of specialists partners with customers, vendors, and entrepreneurs to solve complex supply chain logistics challenges. Many of the new solutions pioneered in the 10,000 sq. ft Innovation Lab space have eventually been implemented in our warehouses or transportation fleet, driving new efficiencies and value for both Kenco and our customers.



Solving Consumer Durables Distribution Challenges With Continuous Improvement

“A culture of continuous improvement in the warehousing and distribution of consumer durables has the ability to completely transform business operations, one small change at a time.”

Our recent blog on the benefits of continuous improvement notes the impressive results achieved when applying CI in four focus areas:

- Retaining Employees
- Optimizing Inventory Storage and Pick Paths
- Assigning Inbound Doors
- Improving Productivity at the Loading Dock

Read the full blog post here:

READ BLOG



Embrace a Proactive Mindset for Your Supply Chain

Kenco has over 70 years of supply chain logistics experience across various industries. Our team of experts combine PhD-level training across a wide range of disciplines and years of experience to deliver proven supply chain optimization solutions.

Learn more or contact us today.

CONTACT US





About Kenco

Kenco provides integrated logistics solutions that include distribution and fulfillment, comprehensive transportation management, material handling services, and information technology—all engineered for Operational Excellence. Building lasting customer relationships for over 70 years, our focus is on common sense solutions that drive uncommon value. Visit Kenco at KencoGroup.com.



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