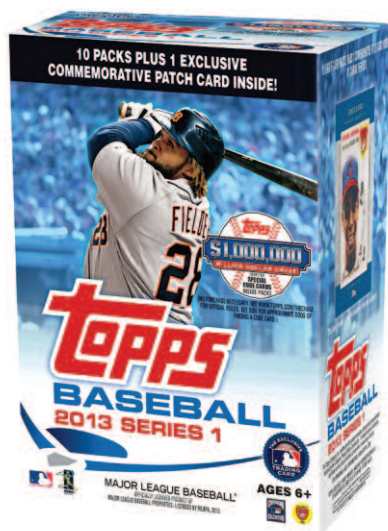


Topps Partners with KANE for Efficient National Distribution

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– Hans Korponai

Topps's Director of Supply Chain



Situation

The Topps Company is an international marketer of entertainment products, principally collectible trading cards and candy. To stay focused on its core mission, the company made a strategic decision to outsource product distribution and logistics. Topps evaluated multiple logistics providers before selecting KANE to manage a 203,000-square-foot DC in Scranton, PA. KANE manages all distribution center operations, including outbound freight to Topps customers nationally – from Walmart to small corner stores.

Strategy

Topps' distribution operation in Eastern Pennsylvania has the following characteristics:

- Storage and distribution from AIB-certified, food-grade facility
- Returns management – documented inspection of baseball cards to determine resale potential
- Recall capabilities – full traceability back to manufacturing day/time/site

Pool Distribution Cuts Transportation Costs

Topps' most significant logistics strategy shift was the use of KANE's pool distribution program, which combines freight from multiple companies to ship at more economical full truckload (TL) rates. KANE was already serving several candy manufacturers and worked with Topps to develop the consolidation program. Each month, hundreds of controlled-climate TL

shipments go from Topps' DC through a national network of pool points, which break down bulk shipments to individual orders for local delivery. KANE manages real-time electronic order transmissions to pool points, enabling these local carriers to pre-arrange outbound shipments to save time.

According to Hans Korponai, Topps's Director of Supply Chain, "The pool distribution program has helped reduce our freight costs compared to how we would normally ship. Consolidating freight in the Northeast prior to national distribution is a win for all parties. It saves Topps transportation costs and transit time; the retailer reduces yard and DC congestion; and KANE has a stronger value proposition for other mid-sized companies who lack the volume to ship in full truckloads."

Other benefits of pool distribution for Topps include:

- Reduced carbon footprint through fewer truck miles
- Reduced chargeback fines through a predictable shipment schedule
- Reduced lead time by 20%

On lead time, retailers want to turn inventory quickly and favor vendors that ship products faster on a reliable schedule, according to Topps' logistics analyst, Crystal Stepkovitch. "KANE's pool distribution program does that for us. It's a real competitive advantage," she says.

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Shared Warehousing Helps Manage Seasonality

Like many candy companies, Topps experiences significant volume fluctuations during the year, with peak volumes during Halloween, Valentine's Day and certain other holidays. For the most flexible warehousing solution, inventory is stored at KANE's multi-client campus in Scranton, PA, where space and labor can expand and contract as needed. Topps pays only for the space and labor it requires at any given time.

"Being part of a campus environment ensures our space and labor costs parallel our revenue stream," says Stepkovitch.

New Ideas Fuel Partnership

KANE began working with Topps in 1968, when the company moved its production facility to Pennsylvania from Brooklyn, NY. One key to the longevity of the partnership is the steady flow of new ideas.

"The partnership has thrived through the years because KANE has consistently looked for ways to add value beyond the execution of daily storage and shipping tasks," says Topps' Korponai. "That's the name of the game in any industry – adding value. As an integrated logistics team, Topps and KANE consistently challenge ourselves to find new and better ways."

Results

- Reduced freight costs
- 20% lead time improvement
- Lower handling rates through use of shared labor pool
- Improved customer satisfaction based on faster order cycle and predictable deliveries

"Ours is a hypercompetitive market," says Korponai. "Through our partnership with KANE, we have a distribution infrastructure that lets us successfully compete against much larger companies."

KANE is a third-party logistics provider that helps consumer packaged goods (CPG) companies warehouse and distribute goods throughout the U.S.