

# Contract Logistics

## White paper

Manufacturers need to deal with product distribution which may bring its own unique challenges based upon the distribution channels they use.



Your fulfillment doesn't have to be a hassle.

MARCH 2019



Manufacturers face multiple challenges during the life cycle of a product. Product's lifecycle may be defined under 4 stages:

1. Product Development
2. Growth Stage
3. Maturity Stage
4. Decline Stage

Lifecycle journey turns interesting at a young age and that is between stage 1 and stage number 2. Manufacturers need to deal with product distribution which may bring its own unique challenges based upon the distribution channels they use:

1. Direct sales
2. Brokers and distributors
3. Wholesalers and retailers
4. E- commerce

Based on product scope and type of business, placing the product and making sure it gets to the end customer may very well be an outsourced responsibility, adding third parties to the game. Bringing new products to the market is an exhaustive task and many manufactures ultimate interest is being involved with distribution.

# Contract Logistics

## White paper

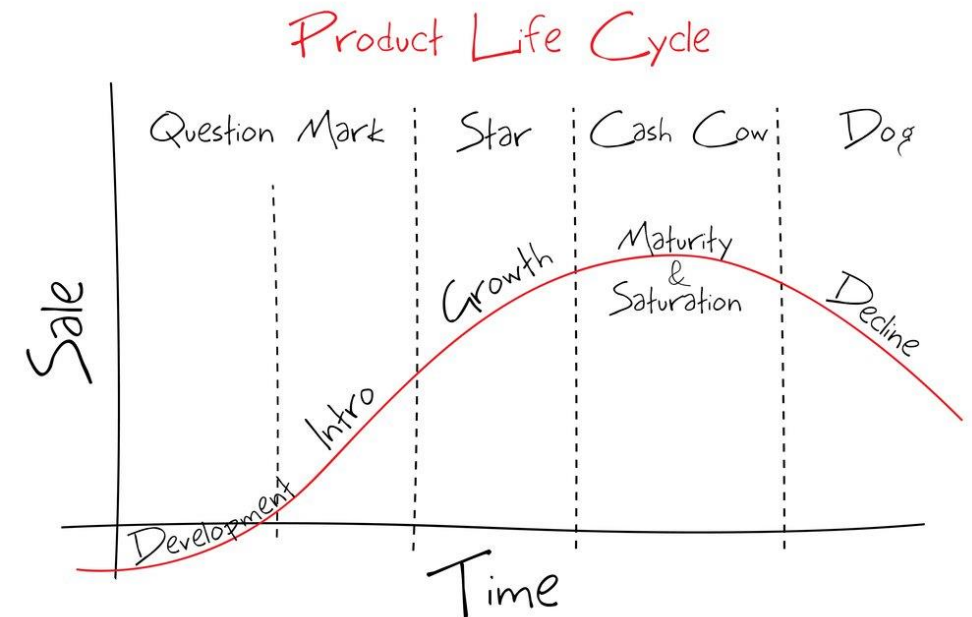


Image via [BigStockPhoto.com](https://www.bigstockphoto.com)

# Business success from a supply chain perspective, how?

Here we present you our top Supply Chain points to address.

1

**Supply Chain strategy and network design.** Your supply chain strategy should support the overall strategy of your business, being in alignment. This is unfortunately not the case in many corporations. The design of the supply chain itself, especially the part dealing with outbound distribution from plants or warehouses, is a key factor in the success or failure of any business.

2

**Customer Service Performance.** A true sign of business success is growth and profitability. One key factor driving profitable growth is customer service and most importantly, customer satisfaction. Customer satisfaction is highly dependent on the supply chain and to be successful, your business must manage its supply chain with that in mind.

3

**Supply Chain Costs.** The use of a methodology known as “cost to serve analysis” often reveals shocking realities about supply chain costs. There are many costs involved in supply chain functions:

Order  
procurement  
cost.

Transportation  
cost.

Inventory  
cost.

Administration  
cost.



4

**Supplier Performance.** The supply chain, as its name suggests, is only as strong as its weakest link. Unfortunately, some of the links are unlikely to be under the direct control of your business organization. To some extent, your suppliers hold your business success (or lack of success), in their hands. That's why it's essential to work in collaboration, at least with primary suppliers, to try and minimize supply chain uncertainty.

5

**Inventory Management.** It might be spare parts, consumable items, or perhaps equipment, but if it's something you need to store and transport, then it requires treating as inventory and managing accordingly. Of course, if your company is providing products, the need to manage inventory efficiently is paramount. Just as customers are something on which your business depends, so is inventory.

If your network is no longer adequate, your supply chain will experience problems on two fronts. While service declines, jeopardizing customer loyalty, your inventory and transport costs will likely increase, due to a rise in expedited deliveries, rework, and panic-stricken inventory management.

**Build strong bridges and Drive Business Success.**

Supply chain must be at the center of management attention.



# The manufacturer - Distributor relationship: A partnership for success.

One of the strategies you can use to reduce your overall supply chain costs is outsource. Some part of your supply chain operations can be outsourced to third parties. Warehousing and transportation are the most common functions that are outsourced. These reduce, among others, the recurring costs of paying a warehouse rent and cost of maintenance of a fleet. Besides reducing the cost, it also provides specialized expertise and competence in these areas of operations and can help you get closer to the final point of use.

Some signs indicating your Company needs a distribution network design review: 



1. Your distribution network has never been designed
2. Your company has been Involved in M&A
3. Changes in world trade
4. Your company is downsizing
5. Range expansion or contraction
6. New customers, lost customers
7. Increasing costs and shrinking margins
8. Too much inventory
9. Falling customer satisfaction



# Optimization



If you're finding any of the signs and symptoms outlined this is indication that your distribution network design needs to be reviewed and perhaps, realigned. The good news is that with the right people to help, network analysis can be a relatively painless process.

At Vitti Logistics, our contract logistics platform is here to help manufacturers, retailers and distributors overcome the challenges of supply chain fulfillment.

We design supply chain solutions that allows our clients to focus on their core business and provide the ability to scale quickly. Globalization and e-commerce market demands working at optimized logistics speed under an optimized logistics network environment, and that is why we become an extension of your operation.

With growing cross-border business and increased dependency on transportation among b2b in NA, the need for a seasoned, reliable and experienced cross border logistics provider is a fact. Discover the joy of supply chain management, Vitti Logistics is here to help, give us a call and talk to one of our experts, we can certainly design a supply chain solution according to your specific requirements. In and outbound transportation, customs brokerage and contract logistics are our three main products. Learn more about how Vitti can be your partner of choice, contact us at [direccionbd@vittilog.com](mailto:direccionbd@vittilog.com) or visit our website for additional information [vittilog.com](http://vittilog.com)

**We would love  
to hear from you**

USA +1 877 414 1765

Mexico +01 800 872 0351

**vittilog.com**

