



GNC Collaborates to Update Systems & Processes

Any company that has built itself from the ground up must occasionally refresh its infrastructure, IT systems and operations. Recently, GNC took its own advice to live well, setting about to improve the quality of its business life.

This new look involved creating innovative solutions to supply chain challenges with the help of its transportation partners. For its work involving various stakeholders in the GNC supply chain, the retailer, along with partner DHL Global Mail and Spend Management Experts, were awarded a 2015 Alliance Award. The award recognizes shippers and carriers that effectively solve challenges through groundbreaking, measurable means.

GNC's first task was to assemble data to identify opportunities for improvement. Enter Spend Management Experts. SME was brought onboard in December 2012 and started off by creating a consolidated view of GNC's parcel data. Following an evaluation, SME recommended that GNC put its parcel freight out for bid, and it built the retailer a custom RFP process. This fresh start took into account not only pricing but technology, customer service, service levels, billing, EDI formats, tracking systems, shipment visibility, and metrics.

A New Relationship

GNC prioritized working with a single carrier in order to streamline communications, recalled Brad Mathewson, vice president of product management and marketing at DHL. Mathewson said information technology integration was one of the bigger challenges in the relationship. GNC had elected to use a vendor what was not fully supported by DHL's Global Mail system, so DHL had to work quickly and closely with the vendor to meet the timeline to startup.



PRESENTED



[Read More...](#)



Addressing the Private Fleet

GNC had been operating a private fleet for much of its store delivery. That fleet had been in existence for decades. Some employees had spent 30 years at GNC; making changes in the fleet operation was bound to be a delicate matter. SME came armed with the financials and a model for the transportation needs to determine costs.

The fleet had been fulfilling store replenishment using full truckloads from the distribution centers. With more than 4,000 stores, this involved drivers making multiple stops; John Haber, SME's president and CEO, described this as "more stops than made sense." In fact, it often took drivers 10 days to complete a route and return to the DC for another load. For stores where there might be only a couple of workers, the almost random deliveries were disruptive.

SME developed a network plan and RFP for a pool distribution solution. Under the plan, truckload shipments would move from DCs to pool points where pool carriers would make the final deliveries to the stores. After the network optimization and the needed addition of a DC in Indianapolis, SME re-sourced transportation with the new DC included in the model. "That's where companies get into trouble," said Haber. "Their supply chain is a dynamic entity, and a lot of people treat it like it is static. They look at it at a point in time, they take a snapshot and then they come back and they look at it in a couple of years."

Driving Results

There was no doubt that speed-to-store was a big issue, Haber recalled. Under the current operating plan, about two thirds of the stores were receiving deliveries every other week, with the remainder occurring once a week. GNC wanted to move toward a model where all stores receive deliveries once a week; this shift, he observed, would improve inventory turns and make sure the shelves are full. An additional benefit for the stores is predictability, which allows better labor scheduling when orders are arriving and helps ensure on-shelf availability of product.

In the end, GNC has been able to improve its inventory performance along with its network customer service to stores and end consumers while it has reduced overall costs. It accomplished this by bringing common carriers into its mix and then working closely with its supply chain partners to ensure the improvements benefitted the supply chain, not just transportation or inventory.