

# Direct benefits

IFC Global Logistics and Warehousing's Angelo Markovsky spoke to *Daily Cargo News* about how the company's Direct to Store model is improving supply chain performance

**You were awarded at the 2021 Shipping & Maritime Industry Awards for your innovation. Why was your company singled out for this?**

We invest in technology, sound processes, people, and our partners to deliver solutions such as IFC's innovative Direct to Store model. IFC devised the model to provide a fast-paced, efficient supply chain system, which was critical in 2020 when the COVID pandemic drastically impacted Chinese production facilities.

The transition to this solution resulted in establishing a regular flow of stock to stores and a 25% reduction in logistic costs. As a result of shifting from a just in time inventory model, production lead times were vastly improved as goods were delivered to the distribution centre three months in advance.

**Can you tell us more about the background to your Direct to Store model?**

Originally, our client Total Tools had plans to set up a central distribution centre to fulfil its national footprint. However, their products are bulky, the cost of interstate transfers is high, and the volumes were not large enough to fill containers to ship directly to multiple ports around Australia.

The concept was scoped out to consolidate cargo FCL containers and ship only to primary DCs based in Melbourne, Brisbane and Fremantle. Then the cost challenges of interstate transfers to service other states such as Adelaide, Sydney and Far North Queensland were forecast to be very expensive, given the cubic sizes of their product range. As their service provider, they sought our advice to provide a solution.

We worked with our China partner to establish ILM, a new business dedicated to providing 3PL consolidated services in Shanghai. IFC operates the entire warehouse management system and processes.

At this point, the concept of the Direct to Store model was born, and IFC proposed a solution that

would benefit Total Tools in a number of ways. It enabled inventory to be centralised and better quality control at the point of origin.

The solution also improved Total Tools' speed to market, as goods arriving would be cross-docked and transported to store the next day.

Cost savings were achieved as the Direct to Store model relied on utilising Australian ports, so the requirement for interstate line haul was eliminated.

Today IFC is partnering with several leading retailers performing direct to store ex China to Australia in the category of toys, apparel, consumable goods and appliances.

**How have you been able to assist customers in navigating the issues in global shipping such as limited capacity and congestion?**

This has been challenging. Having stock picked and readily available from a centralised DC, with forecast delivery plans (which are provided in our WMS), has enabled us to plan better, mitigating capacity issues and congestion, as we used multiple carrier services under contract to ship product early to meet customers' timeframes.

Controlling the inventory at the origin helped us significantly as we had more control to plan to carriers' capacity, which serviced us well through the COVID pandemic.

**Is your Direct to Store model something you will be continuing as the effects of the global pandemic recede?**

The Direct to Store model is a part of our business today. With labour shortages driving local 3PL providers' costs up, it's fair to say the Direct to Store model has a bright future. Given its proven concept, there's no doubt we will continue to invest. We have plans to execute the same model elsewhere. ■



Angelo Markovsky, sales director, IFC Global Logistics



## BENEFITS OF THE DIRECT TO STORE MODEL

- Centralise all inventory in the one origin hub.
- Provide value-added services such as pick and pack by store, by destination.
- Ship multi-store processed pallets, and cartons to Australian ports ex China.
- All goods are processed as picked to store from the origin distribution centre, ready to be shipped to the closest port of the last miles, whereby containers are cross-docked and delivered to the store.