

# CaseStack Enables ADVANCED BEAUTY SYSTEMS CASE STUDY

Most consumers cannot imagine their lives without premium health and beauty products such as aromatic body oils, nourishing moisturizers, and rejuvenating cleansers and soaps. High-quality personal care products can relieve tension, enhance appearance and ultimately provide long-term benefits to a person's overall life, leaving them feeling clean, fresh and alive.

Advanced Beauty Systems (ABS) understands that consumers desire a personal care routine central to their daily lives utilizing the best products. The company's goal is to help women live better and feel better every day by providing products that focus on giving them a sense of well-being and creating a sanctuary within their daily beauty routine. Its Bodycology collection is based on scents that are known for giving a greater sense of comfort and revitalization. ABS also markets Cantu, which offers a complete system of hair and scalp care products made with 100 percent shea butter to moisturize, nourish, repair and protect hair. Shea butter, known for healing and disinfecting properties, promotes cell growth, improves skin elasticity, prevents stretch marks and provides natural sun protection against UV rays. It also treats and heals eczema, psoriasis, chapped and chafed skin, razor burn, diaper rash, minor cuts and scars, and moisturizes and protects the scalp, revitalizing damaged and chemically processed hair. Since its 2003 inception, ABS' product lines have been embraced by consumers, making it one of the fastest growing consumer products companies in the world.

## The Need for a Logistics Partner

Founded in March 2003, ABS began with limited distribution to beauty supply stores. Initially, ABS handled its own logistics operations by shipping orders to customers directly from its headquarters. Company CEO Chris McClain, however, soon recognized that the process was devouring personnel hours and company dollars. He realized that in order to expand and develop ABS's share of the health and beauty supply market, it needed outside help.

"We are primarily a sales and marketing company," said McClain. "Many functions needed to be outsourced, particularly logistics." Additionally, McClain found that handling their own logistics did not allow them to expand quickly enough to meet rising product demands, severely limiting the company's growth. McClain and colleagues began searching for a logistics solutions provider and examined several prominent companies. In choosing a logistics provider, ABS had several objectives in mind.

First, ABS needed to reduce overhead by increasing the accuracy of its order fill-rate. ABS also wanted on-time delivery and a reduced level of damaged or lost product claims on less-than-truckload (LTL) shipments.

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CASESTACK CORPORATE OFFICES  
3739 N. Steele Boulevard  
Suite 120  
Fayetteville, AR 72703  
479.856.6140

2850 Ocean Park Boulevard  
Suite 100  
Santa Monica, CA 90405  
310.473.8885



**CaseStack**<sup>®</sup>  
www.casestack.com

“When we were handling our own logistics operations, LTL claims were much too high,” said McClain. Additionally, McClain wanted to find a logistics provider that would allow them to consolidate all product inventory in one storage location rather than several warehouses scattered around the country. Preferably, this warehouse would be located close to ABS’s Dallas headquarters so that they could inspect inventory at their leisure. Finally, ABS needed a logistics provider with a thorough knowledge of and capability to meet the very specific operational and technical requirements of its most important retailer, Wal-Mart.

### **The CaseStack Solution**

In its search for a suitable logistics provider, ABS examined several companies, including CaseStack, a leading logistics outsourcing provider that enables mid-sized companies to cost-effectively ship products and warehouse them by utilizing its national network and Web-based technology.

One feature that initially set CaseStack apart was its “one-warehouse” consolidated solution. Several logistics companies offered consolidated solutions, but would have required ABS to store its entire inventory in warehouses scattered across the country. CaseStack, on the other hand, provided a single storage location for all ABS’s products in Dallas, where the company is headquartered. With CaseStack, ABS could keep its inventory in one warehouse in close proximity to company headquarters. “Since we were shipping all of our products from Dallas,” said McClain, “this helped reduce the inbound and outbound freight.” Additionally, the Dallas warehouse location enabled ABS to personally inspect its inventory at any time.

Another factor that prompted McClain to choose CaseStack was its extensive knowledge of Wal-Mart’s very specialized consolidation program and its long history of working with the retail giant. Wal-Mart, for example, requires several highly sophisticated technologies and processes including advanced shipping notification (ASN), electronic data interchange (EDI), and radio frequency identification (RFID). CaseStack, as it turned out, was fully equipped to handle these requirements. Adding to CaseStack’s appeal was its thorough working knowledge of Wal-Mart’s “Remix,” one of the most advanced and innovative consolidation programs in the world. CaseStack had been participating in the program with other clients for several years.

McClain was also impressed with CaseStack’s Web-based technology and IT integration capabilities. ABS already ran a sophisticated inventory control and tracking system and needed a logistics provider that could integrate with its system. CaseStack seamlessly populated its Web-based logistics software into the ABS system creating an IT structure that married its logistics operations with the company’s inventory control/tracking capabilities.

“Ease of integration was a major factor in choosing to work with CaseStack,” said McClain. “ABS and CaseStack’s systems work together very smoothly.” In spring 2005, ABS employed CaseStack to handle its logistics functions. The logistics solutions provider worked closely with ABS to recommend the most economically advantageous package of transportation, warehousing and fulfillment services. “We tailored a comprehensive logistics solution for ABS to fit their specific needs, especially relating to Wal-Mart, that would enable them to scale quickly in response to increasing consumer demand for their products,” said Dina Kunder, vice president, business development, CaseStack.

According to ABS, the process of transferring logistics operations to CaseStack was surprisingly rapid and smooth. Once the computer systems were integrated, CaseStack began the job of transferring inventory. “The transfer process was amazingly smooth and fast,” said Glen Harris, controller, ABS. “On Friday CaseStack assigned and tagged the entire contents of our Chicago warehouse, moved it into eighteen trucks, and transferred it to Dallas. By the following Tuesday we were able to resume shipments.”

Within seven days the transfer was complete and CaseStack assumed responsibility of all ABS logistics functions. “ABS didn’t miss a beat or an order,” said Harris. “CaseStack accomplished exactly what it promised.”

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As ABS receives orders from retailers its employees enter them directly into the CaseStack Web site. CaseStack then manages the entire process of transferring the product from its Dallas warehouse to its final destination. The procedure is completely transparent. At any time during the customer order-to-fulfillment process ABS can use CaseStack's Web site to monitor the shipment and check the inventory in real time. The ability to access real-time information online 24/7 dramatically increased supply-chain visibility, vastly improving inventory management efficiency. Claims are also reduced because CaseStack ships all of ABS's goods directly from the Dallas warehouse to Wal-Mart and other retailers.

CaseStack's Web-based proprietary software helps reduce shipping delays which ultimately saves costs. Since the software implements the order once it's entered, this eliminates the possibility of human error in the logistics process such as miscommunications between the trucking company and the warehouse. The Web-based system also saves clients actual shipping costs because the software searches for the best rate for a specific project from its extensive database of carriers with which the company has relationships. Any claims that arise during transportation, warehousing and other areas are handled by CaseStack further reducing administrative burden and costs.

Harris noted that CaseStack's Web-based system operates in flawless conjunction with ABS's system. "We don't have to go outside our own system for tracking information – everything is integrated," Harris said. "Populating our system with current shipping information is no small feat, but CaseStack gives us complete inventory visibility. It's as if CaseStack's facilities and operations are actually ours."

According to Harris ABS uses CaseStack even for small logistics functions such as UPS shipments and scheduling components for inbound freight. "CaseStack is basically our logistics department. ABS employs a relatively small staff, so the company's function is vital to us."

If the company encounters a problem, employees contact the CaseStack account manager who manages ABS. McClain describes the working relationship with CaseStack as a team approach. "CaseStack has a three-man team that handles our account. One rep overseas administrative issues, one handles trafficking/receiving, and another deals with invoices. We have developed a very close working relationship. Our CaseStack team is always there when we call."

## **Results**

According to McClain, CaseStack has enabled ABS to reach its business goals. Since working with CaseStack, freight claims have been reduced by 80 percent, while its "must arrive-by date" compliance rate has risen by nearly 20 percent. Additionally, its fill rate has consistently exceeded 95 percent with CaseStack. McClain also asserts that CaseStack, utilizing its large network of relationships with shippers, has helped them reach their various markets more efficiently by consistently securing the best transportation rates. With CaseStack at the logistics helm ABS can focus its energy in other areas, such as marketing its high quality product line to a hungry consumer audience. "We are now focusing on how to increase revenue rather than looking for ways to reduce costs," said McClain. "We used to spend hours tracking our freight. Since CaseStack has taken over ABS's logistics, those problems have gone away, leaving us free to deal with other challenges and take advantage of additional opportunities."

Harris also noted the accuracy with which CaseStack carries out its operations, pointing out that the integrated computer systems consistently catch errors and irregularities. "We get our orders out on time. And we have complete confidence that CaseStack will do exactly what it says it will do."

From a competition standpoint, McClain feels that CaseStack has given his company a considerable edge. "With CaseStack we can meet and quite often outperform the metrics of larger companies."

Looking toward the future, ABS anticipates tremendous growth and credits CaseStack for enabling rapid expansion.

"The most significant benefit we have received by using CaseStack," concluded McClain, "is that it has enabled us to grow and allowed our infrastructure to scale at a very rapid rate."