

VELOCITY VIDEO CASE HISTORY

A DC VELOCITY SPEED CHALLENGE

Bobcat Company and Ruan partner for parts

A new Ruan distribution center delivers parts just-in-time to Bobcat Company's manufacturing facilities while also distributing finished goods.

MANUFACTURING IS HARD ENOUGH WITHOUT HAVING to master a supply chain as well. That's why many companies turn to partners to help manage warehousing and logistics.

Bobcat Company is a global leader in compact construction equipment and utility vehicles. The company's operations and manufacturing facilities are based in its home state of North Dakota, with additional facilities located in Minnesota and North Carolina, and throughout the world. Bobcat has partnered with Ruan for more than a decade to improve its supply chain processes. While Ruan is primarily known as a transportation company, Bobcat first started partnering with Ruan on warehousing and consolidation services. The partnership produced substantial results, driving 15 percent of waste from Bobcat's supply chain by optimizing trailer loads.

Several years ago, Bobcat sought to streamline its supply chain even further. "We have been doing business with Ruan for more than 10 years as a 3PL already. So we had a good history with them," says Mike Jorgenson, Bobcat's distribution site manager. "And after evaluating all of our options, they still came as the best solution for us."

The expanded partnership now includes inbound and outbound transportation as well as use of a new Ruan-owned distribution center in Otsego, Minn.

MULTIPURPOSE FACILITY

The new 300,000-square-foot distribution center is dedicated solely to serving Bobcat's supply chain. The Otsego operation deals with two types of inventory. First are raw materials and parts to support Bobcat's manufacturing efforts. The second type includes finished products coming from its plants for distribution to Bobcat dealers.

Ruan works with approximately 300 suppliers to process the inbound parts and raw materials. The facility holds about 1.8 million parts, comprising around 5,000 stock-keeping units (SKUs). The parts arrive in

returnable containers, corrugated cartons, and wooden crates as well as on pallets. The bigger parts are floor-stored in the facility. Large returnable containers are floor-stacked up to six high. Other loads are placed into pallet racks, while individual cartons are deposited into flow racks. RF (radio-frequency) scanners perform putaway and picking duties.

Throughout the day, Ruan employees collect parts and components needed for manufacturing at four Bobcat plants—three of which are in North Dakota and the other in Minnesota.



Ruan has 98 drivers dedicated to Bobcat logistics. They transport inbound products from Bobcat's suppliers to the distribution center and then deliver parts from the DC to the manufacturing facilities. Once at the plants, the drivers pick up finished goods to bring back to the Otsego distribution building. They also bring empty containers back to Otsego, which will be returned to suppliers when they

pick up new parts and raw materials. Additionally, the trucks return used corrugated and crates from manufacturing for recycling.

Finished goods that arrive in Otsego are driven off their transport vehicles to staging areas in the distribution facility. Attachments and other accessories are also unloaded and placed into floor locations and pallet racks. Most finished products will remain in the facility for less than two weeks, with many shipping out the same day to Bobcat dealers.

DRIVING EFFICIENCIES

Jorgenson says that partnering with Ruan has brought huge improvements to Bobcat's supply chain. "We've seen a reduction in inventory in our factories, which has opened up critical floor space to improve our manufacturing," he says. "We've seen a reduction in the cost of transportation of both raw product and finished goods. And we've seen an improvement in the cost associated with just being customer-ready for the factory. Ruan is engaged and committed, and is continuing to develop the 3PL solutions that its customers need," he says.

To see a video of operations at the Ruan facility in Otsego, Minn., that supports Bobcat manufacturing, go to dctv.com and click on Channel Two.