Benchmark Brands, Inc. Case Study

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Sr. Manager, Vendor Services & Transportation
Company Overview

- An integrated direct-to-consumer retailer and product development company dedicated to serving the lifestyle and healthcare needs of baby boomers and seniors
- Stylish, comfortable footwear & foot and lower body healthcare products
- Top 100 U.S. Consumer Catalog
- 45 million catalogs mailed annually
- Top 200 Internet Retailer
- 1.2 million unique visitors each month to FootSmart.com
Company Overview
Supply Chain

- Source domestically & overseas
- 300+ vendor partnerships
- Key partnerships with 3PL providers & parcel carriers
- Orders received by:
  - Call Center
  - Mail
  - Mobile
  - Web
- Order Fulfillment (Direct-to-Consumer):
  - Memphis, TN Distribution Center
  - Drop Ship from vendor partners
Business Challenges

Vendor Compliance: Improve Order Receiving
Reduce Inbound Freight Costs

Needed to Understand:

- Are we negotiating from a position of strength?
- Do we have the ability to benchmark costs, manage carriers, and maintain contracts?
- What are the benefits of using a 3PL?
Business Challenge

Improve Receiving at the Distribution Center
- Improve Control Over Inbound Vendors
- Use the Right Tools to Manage Inbound Supply Chain
- Vendor Compliance Program
- External Monitoring and Auditing

Vendor Relationship Guide
- Clear outline of expectations of order receipts
- Packing & Labeling Information
- Shipping & Transportation Guidelines
FOOTWEAR SHIPMENTS ONLY

ROUTING INSTRUCTIONS
(Use for shipments when Benchmark Brands is responsible for freight charges)

Vendor-Consumer Outbound (Drop ship)
FedEx Ground Home Delivery  Bill 3rd Party: Benchmark Brands account #5555555555
FedEx SmartPost  Bill 3rd Party: account # specific to your company will be provided

****Drop Ship PO# must be referenced in the PO field on all shipments****

Vendor Inbound to Memphis DC
****PO#’s must be referenced in the PO field on all shipments****

Less than 200 lbs:  FedEx Ground Bill Recipient to: Benchmark Brands account #5555555555

200 lbs to 5,000 lbs:  LTL If more than 6 pallets or over 650 cubic ft. or merchandise is valued at more than $10,000 call DM Transportation for routing – 888-399-0162

Volunteer Express
www.volunteerexpress.com

YRC
www.yrc.com

5,001 lbs & Above: Large LTL or Truckload
DM Transport. Mgt Services
dispatch@dmtrans.com
610-367-0162

Ship Collect

5,001 lbs & Above: Large LTL or Truckload
DM Transport. Mgt Services
dispatch@dmtrans.com
610-367-0162

Expedited Service (requires prior approval)
Benchmark Brands Logistics Dept
spreston@benchmarkbrands.com
678-808-2588

BENCHMARK BRANDS/FOOTSMArt WILL NOT ACCEPT SHIPMENTS SENT FREIGHT COLLECT

Route Guide
- B/L Instructions
- FOB Terms
- Ship Collect
- Carrier Selection
- Weight & Size Limits
- Reference Requirements
- Contact Information
FAK Freight Classification

Know how the product class impacts freight rates

<table>
<thead>
<tr>
<th>Product</th>
<th>Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Footwear</td>
<td>150</td>
</tr>
<tr>
<td>Health &amp; Hosiery Items</td>
<td>70 - 100</td>
</tr>
</tbody>
</table>

Product Specific Route Guides

<table>
<thead>
<tr>
<th>Footwear Route Guide</th>
</tr>
</thead>
<tbody>
<tr>
<td>Realized savings on orders shipping from 19 states</td>
</tr>
<tr>
<td>Overall savings of around 10.5% vs. non-product specific route guide</td>
</tr>
</tbody>
</table>
## Results: 2010 & 2011

### Audit Savings

<table>
<thead>
<tr>
<th>Measure</th>
<th>2010 &amp; 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of Carrier Bills Found to Have Errors</td>
<td>9%</td>
</tr>
<tr>
<td>Savings as a % of Total Freight Spend</td>
<td>6%</td>
</tr>
</tbody>
</table>

### Wins & Opportunities

<table>
<thead>
<tr>
<th>Decrease in Occurrence</th>
<th>Increase in Occurrence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incorrect carrier used</td>
<td>Orders shipped early</td>
</tr>
<tr>
<td>Shipment not palletized</td>
<td>Orders shipped late</td>
</tr>
<tr>
<td>Shipment met parcel criteria, vendor sent LTL</td>
<td>Orders not consolidated into single weekly shipment</td>
</tr>
</tbody>
</table>