

## Network Planning & Logistics Procurement

# Case Study

## Supply Chain Network Optimization & 3PL Selection for a Global Performance Gear Manufacturer

A leading performance gear manufacturer, representing a collective of premium outdoor and technology brands, embarked on a transformation to unify its U.S. logistics operations under a single, scalable model.

After years of acquisitions, the company inherited a fragmented network of nine independently run distribution centers (DCs) with redundant systems, inconsistent service, and high fixed costs exceeding \$46 million annually.

To support growth and enable operational scalability, leadership sought to consolidate to a two-node network model and determine the most cost-effective and flexible operating model, insourced vs. outsourced.

### Challenges

#### Legacy operations drove inefficiency, complexity, and cost

- ✓ Redundant infrastructure and fixed costs across nine DCs
- ✓ Fragmented systems and limited inventory visibility
- ✓ Sub-optimal network design misaligned with customer geography
- ✓ Inconsistent service and lack of scalability
- ✓ Limited governance for future logistics decisions

## Objectives

Leverage Supply Chain Group (Leverage) was engaged to design and lead a comprehensive supply chain assessment and competitive 3PL selection process with the following goals:

- **Optimize the Network Footprint:** Consolidate from nine DCs to a two-node model.
- **Evaluate Operating Models:** Quantify total cost of ownership for insourced, hybrid, and outsourced structures.
- **Enhance Service & Scalability:** Improve reliability, speed-to-market, and readiness for automation.
- **Enable Financial Flexibility:** Shift from fixed to variable costs and reduce CAPEX exposure.
- **Establish Repeatable Governance:** Create a transparent, data-driven RFP methodology for future decisions.

## Approach

### Strategy & Scenario Design:

Defined three operating pathways to evaluate cost, service, and risk trade-offs

### Financial Modeling:

Built cost models to create a five-year total cost of ownership framework

### Competitive 3PL RFP:

Led a structured RFP process involving top global logistics providers

### Business Case Development:

Synthesized findings into a quantified business case comparing all models.

## Recommendation

Leverage recommended a fully outsourced two-node 3PL network, delivering the optimal balance of cost savings, scalability, and flexibility



## Results

Through Leverage's structured RFP process and data-driven analysis, the company achieved measurable operational, financial, and strategic improvement, building a more resilient, unified supply chain network.

- **Selected** a leading global 3PL provider to enable scalability and efficiency
- **Consolidated** into a two-node outsourced network model
- **Achieved** ~ \$3.8 million in average annual P&L savings over five years
- **Avoided** \$7.2 million in capital investment
- **Improved** five-year NPV by \$12.9 million
- **Delivered** ~ \$19 million in cumulative network savings versus baseline

## Summary

Through Leverage's structured methodology, financial rigor, and execution support, the client transformed a fragmented, high-cost network into a streamlined, outsourced two-node model—achieving sustainable savings, improved service, and a unified, scalable foundation for future growth.