

Instant Pot®

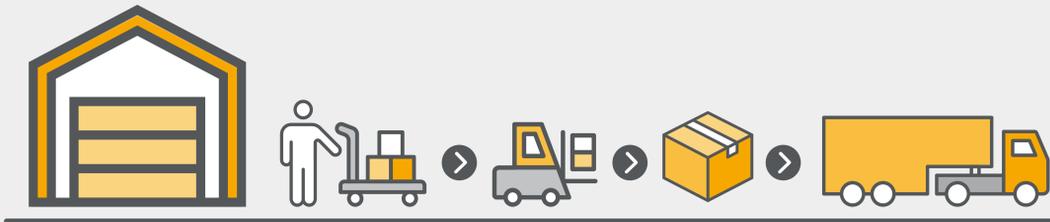
Instant Pot turns to SCA amidst surging customer demand to transform its distribution operations

CHALLENGE:

Instant Pot was experiencing explosive growth. The wildly popular product line had made Walmart’s and Amazon’s “top 10 selling products” on Black Friday from 2016-2019, but the company lacked the right **foundational supply chain processes and internal expertise** to keep pace with growing customer demand.

SOLUTION:

Instant Pot needed to move fast and it chose **Supply Chain Alliance (SCA)** to thoroughly assess its current state and then quickly deploy key resources that could address the burning issues impacting its customer delivery.



SCA identified that **Instant Pot** had **been** outsourcing all of its distribution operations in Vancouver and Los Angeles to 3PLs with low capabilities. In Vancouver specifically, the company was using up to seven different buildings to hold and ship inventory. While building a comprehensive solution, SCA provided daily on-the-ground management to deal with the Vancouver distribution centre’s capacity issues.

Working with Instant Pot’s executive team to understand the company’s requirements and future forecasts, SCA launched and managed a competitive RFP process for 3PL services, with the business being awarded in the end to a leading global 3PL. SCA led contract negotiations that resulted in more favourable payment terms and risk mitigation for non-compliance penalties, and also oversaw the implementation of the 3PL. Overall, the move improved capacity and service and saved Instant Pot \$5-\$6 million per year with the distribution cost per piece/appliance dropping by about 25%.

Working collaboratively with Instant Pot, SCA

reviewed the inbound ocean freight costs and identified a 25% savings (\$4.5 million) by moving to a different freight forwarder that provided tools to improve visibility, inbound planning and management. SCA managed the RFP and secured a new provider, which provided better reporting, tracking and tracing capabilities, in addition to routing flexibility, such as prioritizing loads when they landed in North America and providing flexibility on the final delivery destination.

To provide better visibility in a supply-constrained environment, and to improve product flow from its suppliers in Asia to the North American DCs, SCA provided a forecast and demand-planning tool along with best practices for processes that would enable improved communication and collaborative planning.

SCA also stepped in the help Instant Pot deal with non-compliance charges from its wholesale customers. At one point in time, the company was experiencing customer fines of up to \$2 million. SCA provided experts in retail compliance, order management and change management, which dramatically reduced these fines.

“Our business was tripling, moving from direct import to bricks and mortar distribution,” explains Chris Larocque, president of Instant Brands Inc. “Supply Chain Alliance designed our plan then stepped in to implement it start to finish. They helped us fight the fires while working through all of our day-to-day changes.”

KEY RESULTS



New 3PL contract provided annual savings of **\$5-6 million**



Change in inbound ocean carrier savings of up to **\$4.5 million**



Reduced non-compliance fines by **\$2 million**

SERVICES

ASSESSMENT AND STRATEGY

Forecast and demand planning, distribution centre operations, inbound ocean transportation, customer order management, vendor compliance

PLANNING AND DESIGN

Forecast and demand planning, time-phased inventory planning tool, communications management process

EXECUTION AND PRODUCTIVITY

Distribution centre operations outsourcing, operations management

RESOURCING

Instituted expert leads, supply chain finance/accounting SME for day-to-day and M&A