

case study

TeddyCrafters

Retail



at a glance

COMPANY

TeddyCrafters

INDUSTRY

Retail

GEOGRAPHIC AREA SERVED

United States

CHALLENGE

Manage transportation and distribution of supplies sourced in Asia and the U.S. for fast-growing retail chain.

SOLUTION

Comprehensive inbound distribution system that improves inventory management and replenishes retail outlets on a weekly basis.

RESULTS

- Provides lower costs than internally managed distribution
- Allows company to focus resources on other business challenges
- Offers flexibility to expand operation as company grows

TeddyCrafters: Inbound Distribution Management Increases Flexibility in a Challenging Retail Environment

In a tough consumer environment, keeping stores stocked is just one of the many business issues any new retail operation faces. Fred Rubenstein, Co-founder and Vice President of TeddyCrafters, knew from experience that building a successful retail chain – one that grows from one store to seven in less than three and a half years – requires efficient allocation of resources and time. Avoiding unnecessary capital investment at the outset can help a retailer stay financially nimble and adjust to changing market conditions.

By choosing UPS Supply Chain Solutions to manage inbound transportation and inventory from the start, TeddyCrafters was able to focus its personnel and cash on developing and promoting a successful retail concept – and handle the challenges of rapid growth.

Client Challenge

TeddyCrafters began with the idea that children would cherish most a teddy bear they could create themselves. TeddyCrafters stores – located in upscale suburban malls – offer children (escorted by adults) the chance to choose their own teddy bear from a selection of about 30 styles. These pint-sized customers can select a special “heart” or voice and then help stuff, stitch and fluff the bear. The purchase is completed with the teddy’s “adoption” process, naming and the purchase of clothes and accessories to take home.

To supply a growing number of stores located mainly in California, TeddyCrafters sources the bears and accessories from Hong Kong. Initially, says Rubenstein, TeddyCrafters planned to set up its own distribution center and handle inventory management internally.



UPS Supply Chain SolutionsSM

“UPS Supply Chain Solutions offered us a deal that bundled freight services, customs brokerage and inventory management. It was impossible to beat.”

—Fred Rubenstein, Co-founder and Vice President, TeddyCrafters



According to Rubenstein, “Then we started talking to UPS about handling the customs brokerage, and we quickly realized that there were quite a few more pieces to this than we thought. UPS Supply Chain Solutions offered us a deal that bundled freight services, customs brokerage and inventory management. It was impossible to beat.”

Our Solution

UPS Supply Chain Solutions now manages inbound deliveries from TeddyCrafters’ suppliers, stocks needed items in a UPS-owned distribution center, and facilitates weekly replenishment of bears and accessories at all TeddyCrafters “factories.” Replenishing once a week provides sufficient stocks for each location and allows the company to save on transportation costs.

Rubenstein appreciates the flexibility that this operation affords his company. “We can ramp up quickly and pay as we go for what we use without the burden of investing in our own facilities,” he notes. As the company grows, UPS Supply Chain Solutions can easily handle the greater volumes TeddyCrafters will require and arrange for increased freight movements from Asia.

In addition, Rubenstein is pleased that UPS Supply Chain Solutions comes well within TeddyCrafters’ cost targets. The company estimates it spends less than the 1.5 percent of sales that it had originally budgeted for distribution costs.

For TeddyCrafters, says Rubenstein, “There’s great value in not having to worry about the whole inbound distribution end of the business. We live in a business environment where capital availability is questionable and growth rates are unsure. I need to be putting my time into making sure my business prospers in a tough environment. Knowing I have access to professionals who take responsibility for making things right for my company makes my job that much easier.”

UPS Supply Chain SolutionsSM

For more information please visit www.ups-scs.com or e-mail us at info@ups-scs.com