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How one musician ships goods from Asia for a song

By Marcus Gee
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A drummer in a Victoria band, Mike O'Leary has a day job selling guitar accessories that are designed in the United States and made in China. For years, that merchandise took a circuitous and expensive route from a Chinese factory to a warehouse in Chicago to Mr. O'Leary's place near Victoria and finally to music stores across Canada. It was hard to make money with transportation costs like that, and when the Canadian dollar rose to parity with the U.S. dollar, it got even harder.

Suddenly, Canadian musicians could get pedal boards, guitar cases and other accessories cheaply by ordering from U.S. outlets over the Internet and paying with their more valuable dollars.

What to do? Mr. O'Leary's partner, Jim Killeen, had a concept. Why not bypass the U.S. distributor altogether and bring shipping containers of the stuff direct from China then send the merchandise out to music stores? With lower transport costs, they could compete with U.S. outlets despite the high dollar.

Great idea, except for one problem. They live on Vancouver Island, where everything has to come across the water and back by ferry, with all the inevitable delay and expense. Their merchandise would still have to come from China to Vancouver to Victoria and then out to music stores. What is more, they would still have the expense and hassle of storing and handling the stuff.

This is where Purolator Courier Ltd. comes in. The Canadian-owned company is trying to become more than just a schlepper of packages. Its Global Supply Chain arm offers to help companies solve the puzzle of how to bring products from factories in faraway Asia to store shelves in Canada, on time and on budget.

It is focusing on small and medium-sized companies that are often left out of the globalization game. Unlike giants such as Home Depot or Canadian Tire, they lack the warehouses, distribution centres and battalions of logistical staff to figure out how to export and import efficiently to and from Asia and its hubs of cheap-labour manufacturing.

When Mr. Killeen approached Purolator, it proposed an innovative solution: direct-to-store distribution. Instead of taking delivery in Victoria of a container of guitar accessories from China,

then shipping them around Canada, Mr. Killeen and Mr. O'Leary would hand the whole business to Purolator.

The courier company would get the container from the port of Vancouver, unpack it at its new, state-of-the-art Global Supply Chain centre in nearby Richmond, B.C., and ship the stuff straight to stores.

Mr. O'Leary, 43, is elated at the result. Freed of the cost of bringing all the stuff over to Vancouver Island, his KO Music Marketing has been able to drop its prices about 30 per cent. As a result, he has sold more of his main product in the past three months than in the previous three years. That product is a pedal board, a panel that guitarists use to arrange the various pedals that they manipulate with their feet to achieve musical effects.

Mr. O'Leary never sees the actual merchandise any more, nor does he have to deal with the hassles of shipping it out. Under the Purolator system, he says, "the only stop between the door of the Chinese factory and the store in Canada is when it goes to Purolator's place in Vancouver."

Mr. O'Leary's little success story is an example of how smaller companies can outsource from Asia just like the big boys.

Purolator says it has signed up 20 clients for its Global Supply Chain model since the new logistics centre in Richmond opened for business in February. Fifteen of those are small or medium-sized businesses. Among them is 1664 BMX, an Edmonton company that makes components for BMX stunt bicycles. It used to bring in containers of product from China via Vancouver, then send it out to customers. Now Purolator ships the stuff directly to stores from Richmond. It even handles invoicing and payment, saving the company another hassle.

Shakeel Bharmal, general manager of Global Supply Chain Services for Purolator, says the company's aim is to become a partner with the customer, relieving him of headaches so he can focus on building sales.

"He doesn't have to unload containers. He doesn't have to hire temporary help. He doesn't have to store stuff in a warehouse or in his house. He can spend more of his time and money on the business," Mr. Bharmal said.

Purolator is not the only courier or logistics company trying to simplify the complicated business of moving stuff from Asia. With containerized imports from Asia growing at more than 20 per cent a year for over a decade, there is a lot of money in helping companies figure out how to do it. Mr. Bharmal expects his unit to do about \$5.7-million of business in its first year of operation. The good news is that with all of that thought and effort, it is getting easier and simpler all the time to source from Asia and be part of a global supply chain – even if you're just a musician peddling pedal boards.

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