

# The Los Angeles Transportation Club Executive Speaker Meeting:

## Supply Chain Strain 2018



High-Quality Educational Products Since 1954



August 14, 2018

# Agenda:

- Introduction to Lakeshore Learning Materials
- LLM Supply Chain & Logistics Model
- What keeps us up at night?
- The road ahead



# Intro to Lakeshore Learning Materials

- Founded in 1954 by Ethelyn Kaplan
- Designer and seller of educational materials
- Over 5,200 learning-oriented products
- Headquarters in Carson, CA
- 2,400 employees
- Omni-channel distribution model



# The LLM Omni-Channel Distribution Model

- Sixty retail stores
- Catalogue sales
- Web sales
- Telesales
- Field sales (Daycare, schools, schools districts, state-level)
  - Complete Classroom Program (CCP)
- Exports



# Lakeshore Learning Materials Supply Chain & Logistics Profile

- Over 300 vendors in Asia, Europe and U.S.
- +5,000 TEU in 2018 (+80% Full Container Load)
- 200 inbound air freight shipments per year
- 1,500 Customs entries per year
- \$2m per year in Customs duties, MPF & HMF



# Lakeshore Learning Materials Supply Chain & Logistics Profile

- 350 export shipments per year
- 24,389 LTL shipments YTD
- Forecasted to carry out 1,500 White Glove shipments in 2018
- On track to move 1.5m small parcels in 2018



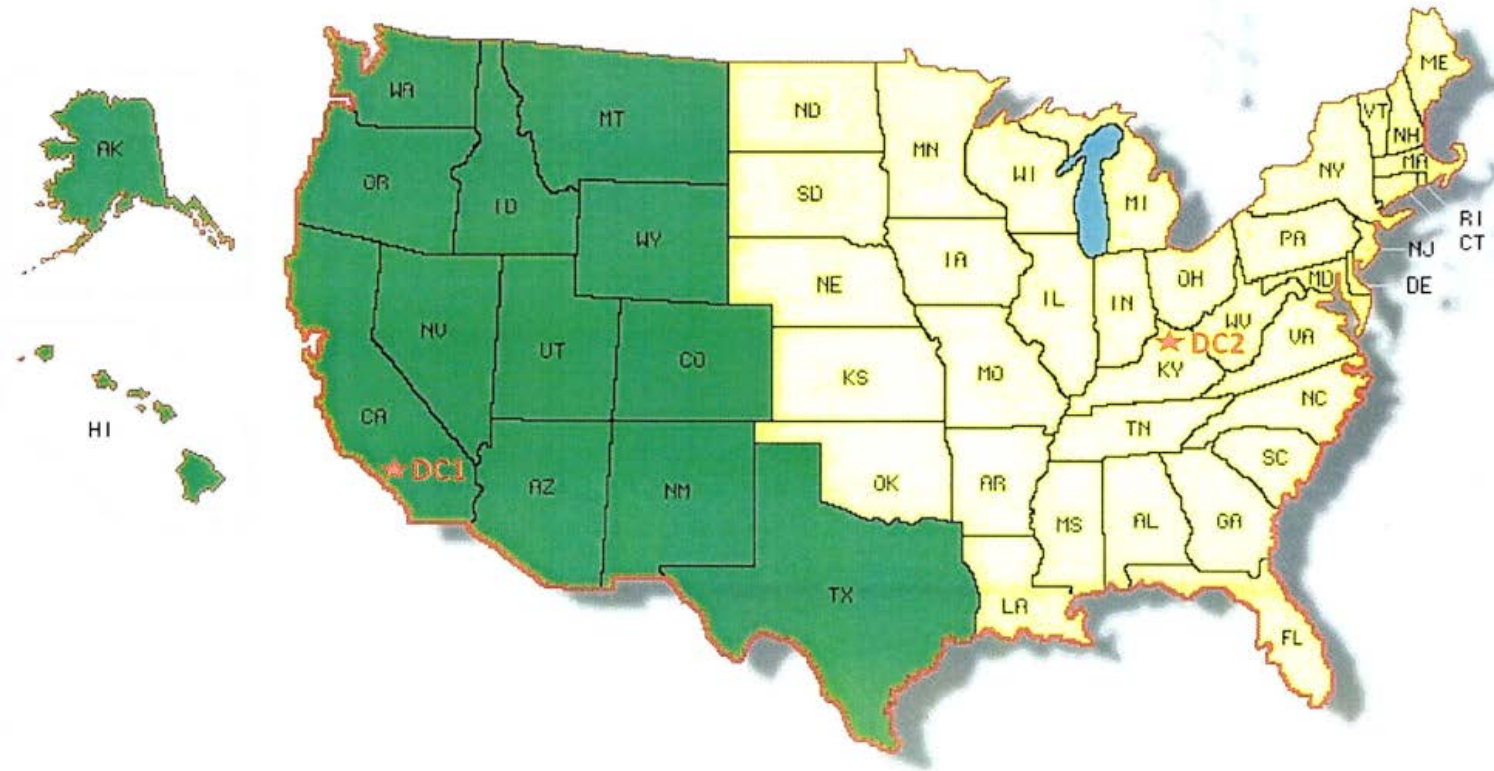
# Lakeshore Learning Materials Supply Chain & Logistics Profile

- LLM own DC's in Carson, CA and Midway, KY (total 1.4m sq. ft.)
- Utilize a third party trans-load facility in Carson, CA
- Also use a 3<sup>rd</sup> party Foreign Trade Zone in Wilmington, CA



# Lakeshore Learning Materials: Current Distribution Model for DC1 & DC2

- - DC 1
- - DC 2





# What Keeps Us Up At Night?

- Existential
  - Medium-to-long term viability of the vendor base in China & Taiwan
  - Government funding of education
  - Domestic inflation



# What Keeps Us Up At Night?

- Tactical
  - Access to qualified and dependable labor
    - Internal & External
  - Peak Season Surcharges (ocean)
  - Blanked sailings
  - Ocean container availability
  - Ongoing port congestion
  - Driver shortage
  - Domestic transportation increases
  - OTR & Intermodal equipment shortages
  - Trade Wars



# The Road Ahead...

- Lakeshore Learning Materials is driven by a deep philosophical belief in the transformational power of education
- Since 1954, the company has weathered every geopolitical and economic storm thrown at it
- Dutifully engaged ownership
- We continue to develop and introduce hundreds of new products per year
  - 5% CAGR for last seven years
- Exceptionally strong brand integrity in target markets
- Debt free
- Continue to plan and invest in the future



THANK YOU!!!

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