

# Optimizing Efficiency and Savings with Shared Warehousing

*Whitepaper*

## Introduction

The global supply chain landscape is rapidly evolving, driven by rising consumer demands, increasing costs, and the need for operational agility. In this dynamic environment, shared warehousing has emerged as a compelling solution for businesses aiming to optimize costs, enhance scalability, and simplify operations. This white paper explores the benefits of shared warehousing, supported by statistics and case studies, to highlight its transformative potential.

## Understanding Shared Warehousing

Shared warehousing, also known as multi-client warehousing, involves multiple businesses utilizing a single warehouse facility managed by a third-party logistics provider (3PL). This model allows companies to share infrastructure, labor, technology, and overhead costs, creating a collaborative and cost-effective logistics solution.

## Key Benefits of Shared Warehousing

### 1. Lower Labor Costs

By pooling resources, businesses can significantly reduce labor expenses. A 2023 report by the International Warehouse Logistics Association (IWLA) found that shared warehousing clients experience labor cost savings of up to 25% compared to standalone facilities. This reduction is achieved through:

- **Shared Workforce:** Employees are cross-trained to handle multiple clients' operations, leading to higher efficiency.
- **Optimized Workloads:** Flexible staffing models ensure labor is allocated where and when it's needed most, reducing idle time.

### 2. Simpler Startup and Scalability

Launching or expanding operations with a dedicated warehouse can be resource-intensive and time-consuming. Shared warehousing simplifies this document creation process, enabling companies to:

1. **Quickly Access Infrastructure:** Shared facilities are pre-equipped with advanced technology and systems.
2. **Easily Scale:** Businesses can adjust storage and service levels based on demand fluctuations without long-term commitments. For example, a 2022 study by Deloitte revealed that companies leveraging shared warehousing reduced their startup time by 40% compared to traditional models.
3. **Cost Efficiency:** By sharing fixed costs such as rent, utilities, and security, businesses achieve significant savings. Additionally, 3PL providers optimize space utilization using data-driven strategies, further reducing expenses. According to CBRE's 2021 Logistics Report, shared warehousing clients save an average of 20-30% on operational costs.
4. **Access to Advanced Technology:** Shared warehousing facilities often incorporate state-of-the-art technology, including warehouse management systems (WMS), automated picking systems, and real-time inventory tracking. Small and mid-sized businesses, in particular, gain access to these tools without substantial capital investment.
5. **Improved Geographic Reach:** Shared facilities are strategically located to optimize distribution networks. Businesses can leverage these locations to reduce transportation costs and delivery times. For instance, Amazon's shared warehousing model enables small businesses to reach 95% of U.S. households within two days.
6. **Risk Mitigation:** By distributing costs and relying on experienced 3PL providers, companies mitigate risks associated with:
  - Fluctuating Demand:** Flexible contracts allow adjustments to storage and labor requirements.
  - Operational Downtime:** Shared facilities often have redundancies in place to ensure continuity.

#### Case Study 1: E-commerce Startup

An online retailer reduced its logistics costs by 30% within the first year of adopting a shared warehousing model. The company benefited from lower labor expenses and advanced WMS capabilities, allowing it to focus resources on marketing and customer acquisition.

#### Case Study 2: Seasonal Business

A seasonal toy manufacturer utilized shared warehousing to handle peak holiday demand. By leveraging the flexible space and labor of a 3PL-managed facility, the company avoided the overhead of maintaining a dedicated warehouse year-round, cutting annual logistics costs by 25%.

Shared warehousing offers a cost-effective, scalable, and flexible solution for businesses navigating today's complex supply chain challenges. By embracing this model, companies can lower labor costs, simplify operations, and gain access to advanced technologies without significant upfront investments. As the demand for agile logistics solutions grows, shared warehousing is poised to become a cornerstone of modern supply chain strategies.

#### References

1. International Warehouse Logistics Association (IWLA), 2023 Report.
2. Deloitte, "The Future of Logistics," 2022.
3. Caldwell Banker Richard Ellis (CBRE), "Logistics Real Estate Report," 2021.



this complimentary resource provided by:

**KELLER WAREHOUSING & CO-PACKING**