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A textbook case
in online education

K12 is changing a few old-school rules.

Situation:

K12 Inc. leads the nation in online pre-kindergarten through high-school education. The company provides course materials to each of its students and, in many cases, a computer as well. All of it shipped to hundreds of thousands of individual students attending a K12-partnered school ... at hundreds of thousands of unique locations and addresses. Getting materials and computers to K12's student base mandates a constant, unsparring focus on fast, reliable handling and delivery. The key to K12's business model is quick growth and rising volumes, anywhere we can shave minutes from our processes really helps keep our costs low ... and these savings allow us to invest in even more curriculum and instruction, which is the highest use of the education dollar.

Logistics Solutions:

UPS and K12 have jointly developed an evolving relationship that has brought continuous value to K12, phase-by-phase, since 2004. First, UPS served the school as a traditional transportation provider, shipping educational freight fast and efficiently. In 2009, the relationship evolved. In a second stage, UPS stepped in to manage the bulk of K12's supply chain, including warehousing, picking, packing, distribution, returns and redeployment of all K12 shipping and cost-savings.

To date, UPS has connected the dots between K12's forward and reverse logistics operations. The company serves students from pre-kindergarten to 12th grade. With double-digit growth each year since its launch in 2000, K12 continues to make strong gains. The company currently tops $800 million in annual revenue, and anticipated growth in enrollments from pre-K to high school promises a tremendously future.

K12 works this way: The organization develops curriculum and technology-based learning programs, then partners with primarily public charter schools or traditional school districts to provide students everything they need for a high-quality online learning experience: educational materials, textbooks, online curriculum, physical course materials. (Professional resources, such as teachers and counselors, can also be provided depending on the arrangement.) Also depending on the arrangement with a school, K12 provides a student with a new or refurbished computer. In most cases, K12 sends the device to a student's home — that's where most K12 students take classes. “The computer is key,” says Scott Balwinski, Senior Vice President of Operations at K12. “That's how our students go to school.”

600,000 kits

Along with computers, K12 ships out a massive volume of educational materials to start each new school year. The peak shipping season — summer — requires exacting plans and precision.

In summer 2013, K12 shipped 600,000 material course kits, along with 400,000 textbooks and stand-alone items (microscopes, lab materials and the like). Each kit contained, on average, six items such as math materials, maps and workbooks. In all, K12 shipped 6 million items in 2013 to eager students, parents and teachers.

“K12 actually outgrew its own infrastructure,” says Balwinski. “With such high transactional volume, anywhere we can shave minutes off our processes really helps keep our costs low ... and these savings allow us to invest even more in curriculum and instruction, which is the highest use of the education dollar.”

A schooling in logistics

K12's roots lie in education. Its business model, quick growth and rising volumes seriously tested the fulfillment and logistics expertise of a lean staff of operators.

"K12 actually outgrew its own infrastructure," says Brittany Caskey, Director of Business Development for UPS Global Logistics and Distribution. "The company suddenly realized that to provide students with a world-class education, it also needed a world-class logistics and returns solution."

In its early years, 2000-2008, K12 managed mushrooming logistics and returns challenges through a combination of in-house resources and a series of partners — all of which it rapidly outgrew. After a particularly rough 2008, K12 started a search for a partner with the right operational excellence, flexibility and capacity. To pass the admission test, the right K12 partner needed the expertise and infrastructure to fully manage distribution and delivery ... and to flexibly scale operations up or down, as needed.

UPS moved to the head of the class.

"No one could compete on a logistics basis with UPS," says Balwinski. "It was as simple as that.

Making the grade for K12

Managing costs and keeping overhead low doesn't mean cutting corners — a K12 education stands shoulder-to-shoulder with traditional classroom education methods. Cost management simply means finding innovative new ways to more efficiently, to keep the cost of education low.

UPS immediately began to add value to its traditional transportation processes, introducing new efficiencies that helped K12 simultaneously grow business and control costs.

First, UPS took over the bulk of K12's materials supply chain — no more logistics headaches and lost time for educators. UPS provided a centrally located warehouse with 200,000 square feet of space in Elizabethtown, Kentucky. UPS employees store, list and fulfill school materials, tasks that go well beyond traditional transportation services.

UPSers fill online orders from large conveyor belts, picking and packing education kits with the right books, workbooks and lab accessories for any student, practically anywhere. In year one, UPS teams moved 12,000 kits a day for K12 ... and today UPS teams can pack and send 19,000 kits a day.

"A lot of people still think UPS is just a delivery company," says Caskey. "Connecting services across our portfolio into a single integrated solution drives waste and cost out of networks for our customers."

From K12 to tomorrow

Is K12 the education model of tomorrow?

It's at least an option, if continued excellence in education can be balanced with expansion and a strong bottom line.

“The business model is getting more complex ... and will just get more so with greater size and complexity,” says Balwinski.

“We recognize that the flexibility of UPS absolutely gives us our best chance to simultaneously serve our growth and serve our students.”

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**Logistics Solutions:**
Strategic partner UPS’s turnkey supply chain management allows K12 to focus its expertise on what it knows best — providing each child with a world-class education regardless of economic status or geographic location.

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UPS immediately began to add value to its traditional transportation services. UPS came in, K12 spent 40 hours a week monitoring and delivery … and to flexibly scale operations up or down, as needed. UPS moved to the head of the class.

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"To further economize on operations, UPS worked with K12 to identify a West Coast warehouse site. The new Mira Loma, California, distribution center receives and warehouses assembled course kits from Elizabethtown. Those materials can then quickly be delivered to students who place orders in the West, especially in California, Arizona and Nevada, sites of three of K12’s biggest online public schools."

The move from multiple suppliers to one capa-

bilie partner changed the back office too. Before UPS came in, K12 spent 40 hours a week monitoring chain of custody and solving problems that arose. UPS inventory control made that fire task … and its cost … go away. UPS brought efficiency to the transportation network, leaned down our distribution system and relieved us of inventory control," says Balwinski. "This allowed us to focus on ways to grow."

"With UPS, we get the look and feel and inter-
efficiency of a single provider, but with the customization and specialization of a multi-

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