



Efficient Inbound Freight Management for Retailers/Manufacturers/Carriers

Blue Print for Effective Collaboration in the Supply Chain

FMI Partners

Hannaford

Wegmans

Ahold

GMA Partners

Nestle

Hershey

Unilever



Why was Efficient Inbound Freight Management Selected

- Unaligned partnerships
- Carrier Capacity
- Transportation “Hours of Service “ challenges
- Inefficient Transactions
- Inefficient Inventory Levels/Service Levels
- Lack of Common Measures of Success
- Escalating Costs
- Efficient Receiving and Shipping Practices



Project Objective/Goals

- Jointly develop “Best Practices” for collaboration on total freight management.
- Drive mutually efficient behaviors across the supply.
- Implement Sustainable and Scaleable Solutions.
- Gain alignment with industry partners for utilizing best practices to reinforce standard processes across Retailers, Manufacturers & Carriers.



Project Strategies

- Utilize process flow management to review product movement across total supply chain
- Collaborative Process review, including retailers, manufacturers, carriers, and unloading services
- Review & evaluate all performance measures utilized by partners to track success.
- Determine mutual wins to improve joint supply chain between Retailer, Manufacturer, & Carrier
- Develop & execute joint “Get Well” work plan



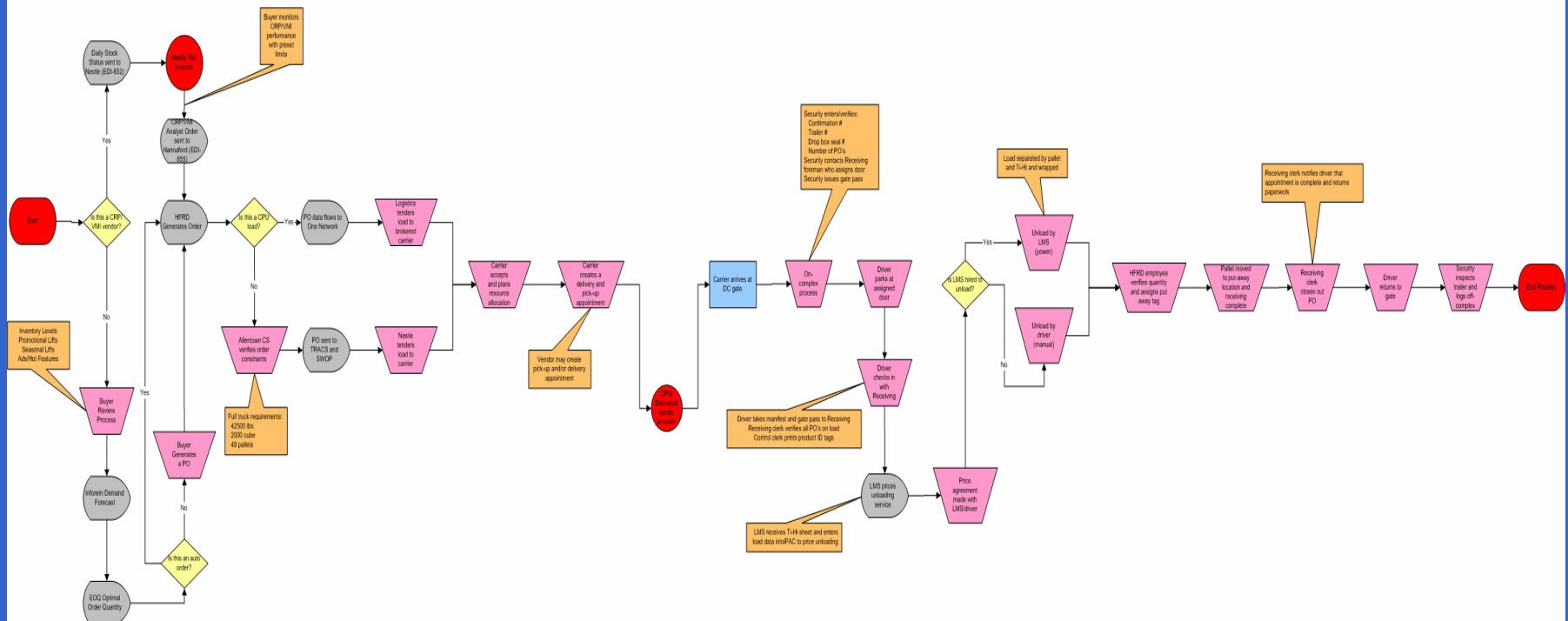
Process Flow

- Utilize process flow management to map out product flow from vendor to customer warehouse:
 - Steps to include
 - PO generation
 - PO assembly and shipment by manufacturer
 - Load tendering
 - Carrier Appointment process
 - Receipt at retailer DC → check-in, unloading, product receipt, and check-out



Map the Process

Process Name: Nestle Hannaford Supply Chain Collaboration
 Author: Hannaford Logistics
 Revision Date: March 17th, 2006





Measures of Success

- Identify and measure specific performance benchmarks.
 - Common metrics or Logistics efficiency Scorecard, incorporate GMA/FMI metrics guidelines
 - Purchase order & ASN accuracy
 - Lead-time/inventory/service levels to targeted efficiency analysis
 - Appointment time compliance
 - Unload/turnaround cycle time
 - Carrier satisfaction survey



Identify Areas of Opportunity

- Determine mutual wins to improve total supply chain
 - Intent is to utilize key performance measures from process flow and identify top areas that partners will focus on to improve in first phase of project.
 - When completed other priorities can be addressed as business opportunities



Get Well Plans

- Develop “Get Well” work plan
 - Clearly define roles, expectations, and measure of success of all key partners: retailer, manufacturer, carriers, and unloading service.
 - Define a “continuous improvement process” that defines dates for collaborative process review meetings, performance management and generation of action steps for improvement.



Case Studies

- Nestle & Hannaford
 - Gerry Greenleaf – Hannaford
 - Jack Ryan - Nestle
- Hershey & Wegmans
 - Mike Bargmann – Wegmans
 - Bruce Hancock - Hershey
- Unilever & Ahold
 - Mike Scott - Ahold
 - Mark Dolan - Unilever



Case Study - Nestle/Hannaford

Utilize the Best Practices as a template

Participants were

Retailer (Buyers, Distribution Operations, Inbound Logistics, Analysts, e-business analyst)

Manufacturer (Logistics, Distribution Operations)

Transportation provider(s)

Unloading Service (Site Manager)

Facilitated by Hannaford's Manager of Logistics



Define the Performance Metrics

Each meeting we identified the performance measures to analyze based on common measures:

Inventory \$'s

Inventory Turns

Warehouse Service Levels

Delivery Reliability

DC Unload times

Accounting on-time payment %



Get Well Plan - Nestle/Hannaford

- Unloading > streamline process - reduce time to unload
- Inventory > Lead time and Inventory reduction
- Efficiency Pricing > Evaluate Efficiency Program for qualification & participation
- OS&D Process > Streamline Process and communication
- Delivery > Multi-stop and CPU evaluations



Results - Nestle/Hannaford

Nestle/Hannaford Scorecard	
Metric	Impact
Inventory \$	Reduced 20%
Turns	Improved 70%
Service Level	Improved 1.0%
Delivery Reliability	Improved 4.1%
Average Unload Duration	Reduced 1:26



- Inventory -** Result of the lead time reduction, multi-stop process, item maintenance and evaluation by the category.
- Turns -** Due to a reduction in consumption/demand as well as the inventory factors listed above.
- Service Levels** In –balance across network.
- Delivery Reliability -** Transitioned to the customer pick-up program utilizing preferred carriers with performance not profit as the focus.
- Avg. Unload Duration** Direct result of the item maintenance update reduced the pallet/layer plus one issues.



Wegmans/ The Hershey Company Collaboration Project



Process

- Identify partnership
- Establish key team members
- Face to Face with on-site visits to joint facilities
- Share business processes from order receipt to payment reconciliation
- Establish and share key performance indicators and metrics
- Identify key variances and opportunities
- Develop and implement solutions
- Monitor and document improvements



Learnings

- Active collaborative partnerships net results
- Compare variances between Vendor and Customer scorecards
- Define and understand variances through root cause analysis
- Confirmation of operations accuracy builds trust



Key Wins

- Implementation and full utilization of ASN (advanced ship notice)
- **Carrier Participation** (one day, open appt window) (100% on-time past 4 months 97.4% 12 month trend)
- **Data Synchronization review**
- **Implementation of collaborative scorecard**
 - ✓ metrics include order cycle time, case fill, on-time delivery, Invoice Match, OS&D, RUMS, and sales
- **Inventory Reduction**
 - ✓ Replenishment coverage adjusted from 7 days to 1 day
 - ✓ Reduce inventory by 23% while maintaining a 99.68% service level
- **Prepare for Green Light Receiving**



Best Demonstrated Practices

- Full understanding of mutual processes
- Established high level of trust in accuracy, inbound and outbound processes
- Collaborative Scorecard
- ASN utilization
- “Green Light Receiving”
- Monitor trends
- Carrier Efficiency (reliable process)
 - ✓ Unload completed under 2 hours - 65%
 - ✓ Unload completed in 2-4 hours – 30%
 - ✓ Unload completed in more than 4 hours – 5%



Case Study – Ahold / Unilever / JB Hunt

Cross functional Participants:

- Retailer: Inbound Logistics, Distribution Operations, Traffic
- Manufacturer: Transportation, Customer SC, Logistics Analyst, Distribution Operations
- Transportation: Process Engineering, Operations
- Unloading Service

Collaborative Facilitation

Creation of Team Charter



Define the Performance Metrics

Created common KPI's for monthly review and associated improvement actions

- Service Levels
 - Carrier and CPU On–Time to RAD and Apt.
 - Case, Order and Line Fill Rates
- DC and Plant Carrier Turn times
- Lead Time review
- Logistics Efficiency
 - Load Maximization
 - % Full Pallet
 - Detention and Unload Accessorial



Get Well Plan – Ahold / Unilever / JB Hunt

- Perishable Plant CPU efficiency Improvement
 - Off Hours standing Appointment Implementation
 - Direct DC dispatch verse store return trip dispatch
- Data Synchronization
 - Initial findings showed 33% match rate accuracy
 - Post synch results 100%
 - Shipment or Load Maximization increased 3.5%

Ahold - Unilever Metrics

Metric	Improvement Variance
CPU On-time - Perishable	20%
CPU Turn Time (load) - Perishable	19%
Data Synchronization	300%



Get Well Plan – Ahold / Unilever / JB Hunt

- Unloading: streamline process
 - Inbound Pallet unitization / DC slot capacity
 - Reduction in layer stripping
 - Analysis and confirmation of accessorial charges
- Lead time: Harmonization between published and actual
- Drop Lot Participation Increase
 - Improve DC capacity leveling and reduce carrier turn time
 - CPU evaluations
 - Increase OTR carrier utilization



Get Well Plan – Ahold / Unilever / JB Hunt

- Review of Efficiency Pricing Program qualification and targeted improvements
- Carrier KPI Score carding and systematic root cause analysis
- Primary receiving events for carriers and receivers



Get Well Plan – Ahold / Unilever / JB Hunt

- Due to HOS and Industry Capacity – Minutes now matter
- Defined load and Unload events
 - Arrival at Site
 - Arrival at Yard Gate
 - Arrival at Shipping / Receiving Office
 - Arrival at Dock
 - Unload and Paperwork complete
 - Load Ready for transit
 - Truck Clears gate



Get Well Plan – Ahold / Unilever / JB Hunt

Recommend: Arrival office to Paper work complete

- Events are easily recordable by receiver and Carrier
- Compliant with current EDI 214 segments

Future: Migrate toward gate to gate standard

- Promotes efficient yard management and carrier utilization



Common Key Learnings

Need to work Across entire Supply Chain

- Commitment of Resources

- Cross Functional representation

Need to use metrics to identify opportunities

- Focus on one or two opportunities

- Develop detailed “get well plans”

- Empower resources to “get it done”

Make it part of continuous improvement plans

- Make it part of your teams focus

- Don't make it a “one hit wonder” - create sustainability



Questions - Comments - Ideas?

