

# TO AVOID FINES, SHIPPER NEEDS SOLUTION TO MEET NEW REQUIREMENTS

## BACKGROUND: SHIPPER SEEKS DELIVERY SOLUTION TO MEET RETAILER'S REQUIREMENTS

A shipper of medical devices, pharmaceutical and consumer packaged goods carries nearly 7,000 loads for a big-box retailer on an annual basis. This relationship was put in jeopardy when the retailer rolled out a pilot program for the shipper (and other select participants) that shrank the shipper's delivery window from 72 hours to 24 hours. The shipper would also be subjected to a fine of 3 percent of the cost of goods if they missed the new delivery window. Lastly, the retailer now required shippers to meet an on-time delivery metric of 95 percent.

The bar was set, and it needed to be met. If the shipper disregarded the retailer's new expectations and proceeded with its current operations, it could expect more than half a million dollars in fines annually and reduced product on store shelves.

## RETAILER REQUIREMENTS



## SITUATION: UPDATED REQUIREMENTS FORCE SHIPPER TO RETHINK CARRIER STRATEGY

The shipper moved product from its three distribution centers and delivered it to 43 of the retailer's distribution centers across the country. At that point, it often took four days from the moment the shipper received a purchase order until it was ready for delivery. The shipper was only meeting the new on-time delivery window for the retailer 6 percent of the time with the current distribution structure in place.

Once the retailer announced its revised distribution strategy, the shipper had nine months to enhance its delivery methods. In this case, a solution was not only wanted, it was needed, and Schneider was there to deliver above and beyond expectations.

## SOLUTION: PROCESS REFINEMENT, EXPERIENCED PERSONNEL AND A CENTRALIZED NETWORK

The shipper had an existing relationship with Schneider, and the carrier's ability to help supply chains made it an obvious choice to tackle the new initiative. Moreover, Schneider was already a preferred carrier for the big-box retailer, so its expertise with the retailer's business paved the way for a smooth and efficient solution for the shipper.

After months of planning, Schneider and the shipper were able to implement Schneider's ideas and make drastic improvements to on-time delivery. Schneider reduced the shipper's four-day process to two by tightening the shipper's procedures around creating and requesting a load. This alone opened up two days of lead time for all of the shipper's windows and ensured a smoother shipment for both parties.

Schneider was also able to set up an automated load acceptance program for the shipper given its existing relationship with the retailer. The automated process eliminated the need for dispatchers to call and schedule a drop-off, making load acceptance and the scheduling process seamless with the retailer. Additionally, as a preferred carrier for the retailer, Schneider could provide opportunities to drop-and-hook loads rather than perform a live unload. Less waiting time for drivers means more on-time deliveries for the company.

Schneider also leveraged its centralized network and vast resources to quickly pull drivers working throughout the country to accommodate any seasonal capacity shifts. This extensive network allowed for flexibility, so when more drivers were needed, Schneider could accommodate with just a day or two of notice. For example, when the shipper needed 108 loads shipped in one day, Schneider was able to flex to the shipper's needs and accomplish this large capacity feat with 100 percent on-time delivery.

## RESULTS: TRUSTED, EXPERIENCED AND PERSONALIZED SERVICE THAT GOES BEYOND WHAT'S REQUIRED

In August, the first load under the new pilot program was shipped. Within two days, Schneider increased the on-time delivery rate from 6 percent to 93 percent. Determined to provide cushion for the unexpected, Schneider and the retailer set their eyes on meeting 97 percent on-time delivery — 2 percent above what the retailer required. By December, Schneider was consistently meeting and often exceeding the grand goal of 97 percent on-time delivery.

**6%**  **97%**  
**ON-TIME  
DELIVERY RATE**

The shipper's new on-time delivery success strengthened its bond with the retailer, helping it maintain preferred vendor status. This means the shipper receives extra retail space — and greater visibility — in stores.

With an effective on-time delivery plan in place, Schneider:

- Saved the shipper from being charged more than \$500,000 in potential fines from the retailer
- Helped the shipper grow its capacity with the retailer
- Increased the number of incremental, high-margin discretionary orders of the shipper's products

The shipper and Schneider also have a growing relationship after exceeding the requirements the retailer set forth. Because of Schneider's hard work and dedication to its business, the shipper awarded Schneider with its Truckload Carrier of the Year award. Now Schneider exclusively handles all of the shipper's freight for the retailer. No challenge is too big or too small, and the shipper knows without a doubt to call Schneider when it's in need of an effective, long-term solution.

