

CASE STUDY:

Purolator's Courier/LTL "Hybrid" Solution Offers Intra-Canada Efficiency for Industrial Products B2B

Introduction

Even though sales to Canada account for just a small percentage of overall revenue for this New York-based manufacturer of material handling products, the company realized the importance of serving its Canadian B2B customers well. The company is recognized worldwide for developing innovative, high quality products including electric chains and wire ropes, crane components and lever hoists. The company is very focused on finding "solutions" for customers' industrial manufacturing and construction needs, and this focus extends to its exceedingly high standards for logistics and transportation expertise.

The manufacturer originally entrusted its Canada-bound deliveries to a loose network of regional Canadian providers. There was no integration between the providers and again, since Canada is not a huge market for this company, it was assumed that this solution would be sufficient.

That assumption proved to be less than accurate though. As time went by, the manufacturer became aware of glaring inefficiencies in its Canadian distribution processes. The manufacturer reached out to Purolator for an alternative, and was pleased to receive a comprehensive proposal for a very unique solution, customized to meet the business's specific needs. Purolator was assigned the job, and since then, the manufacturer's Canadian operations have become highly efficient, and order volume has started to increase.

Purolator was able to draw upon its extensive distribution networks in both the U.S. and Canada to develop a highly customized and flexible logistics plan. Pick-ups and deliveries meet the retailer's specific needs, with Purolator able to offer geographically ideal warehouse and distribution center solutions.

Patchwork solution for distribution across Canada

The manufacturer services the Canadian market primarily from warehouses located in Cobourg, Ontario, and Edmonton, Alberta. Eastern and Midwestern Canada are serviced through the Ontario facility, while Alberta handles the western part of the country, and some parts of the Midwest.

Rather than rely on a single provider to service all of Canada, the manufacturer opted to enlist 2-3 regional providers. The thinking was that regional

providers would have the necessary assets and distribution network to ensure timely delivery and meet the challenges unique to each region of the vast country.

But the manufacturer soon came to learn, its patchwork approach was simply not efficient. Much of the paperwork was being completed by hand, for example, despite the technology revolution that has taken hold within the logistics industry. Transit times and costs were other factors that jumped out. Deliveries seemed to be taking longer than they should, and costs seemed excessive.

Paperwork processed manually, no inventory visibility

Underlying these inefficiencies was a lack of synergy and communication between the regional carriers. When the Edmonton facility ran low on a specific product, there was no visibility, no immediate way to know if the product was available in Ontario. And if the product was available in Ontario, what was the process for transporting it to Edmonton? Since the Edmonton facility is smaller, the need for inter-warehouse transfers was a recurring issue.

Another factor was the inconsistency of service. A customer didn't necessarily know which provider would be making its delivery, so problems arose with regard to visibility and accountability. Also, different carriers provided different levels of service. This meant the manufacturer was providing different customer experiences, based on where a customer was located.

Purolator's hybrid solution offers faster transit times, lower costs

Purolator's sales team reviewed the manufacturer's existing logistics plan, and was quite confident a better solution could be found. It made no sense, for example, to rely on a patchwork of regional carriers, when Purolator could offer seamless service throughout the entire country, including last mile service to Canada's more remote locations. The existing service providers' lack of technological prowess was also something Purolator knew was a drag on efficiency, and something that was easily solvable.

The team worked with the manufacturer to gain a thorough understanding of its distribution and transportation needs and priorities. Careful analysis was also given to strengths and weaknesses in its existing processes. Purolator felt, for example, that the current provider's practice of having a trailer left in place at the Ontario warehouse made sense, and decided that service should continue.

Purolator's customized solution addressed specific needs

Once Purolator had a firm idea of the manufacturer's precise needs, the team rolled up their sleeves to build a customized solution. Since the manufacturer's shipments varied quite a bit in terms of weight and volume, Purolator decided to recommend a hybrid solution, which encompassed both LTL and courier options. A specific weight "dividing line" was

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established, and any product below that line traveled via courier, and heavier packages traveled via as LTL.

Purolator realized that as much as 30 percent of the shipments could be diverted to the courier solution. Right off the bat, the hybrid approach would save the manufacturer almost \$30,000 annually.

The hybrid approach also addressed transit time. Under the regional carriers' approach, shipments were loaded onto a consolidated LTL truck. While this might have made sense from a cost perspective, since consolidated freight is generally an efficient solution, the provider's delivery system added inordinate delays. Once on board, trucks made frequent stops so that different parts of its consolidated load could be offloaded.

Courier option helped save \$30,000!

Purolator's suggested approach was vastly different. Shipments would leave the manufacturer's warehouse and be brought to a Purolator processing center. Shipments would be sorted and consolidated at the facility, and then fed into an appropriate LTL or courier distribution network.

This solution eliminated the frequent stops and allowed freight to travel direct to its end destination. And, Purolator's hybrid approach also solved the problem of coordinating inter-company transfers between the Alberta and Ontario facilities.

Technology makes automation, tracking and visibility possible

Unlike the regional carriers that it would be replacing, Purolator has fully integrated technology into its operations, and customers benefit in numerous ways. Several years ago, with direct involvement from customers, Purolator created a "client portal" through which a business's internal systems can integrate directly with Purolator's. This interconnectedness is truly a win-win capability. A business, in this case the manufacturer, is able to provide its customers with 24/7 tracking capability, returns can be initiated electronically, and a business can have immediate access to complete account information. At the same time, Purolator is able to generate shipping labels, invoices and all other packing materials. Order histories, delivery routes and any number of other information is readily available.

Enhanced customer service

Another benefit of the hybrid solution has been its impact on the manufacturer's customers. Purolator offers a single source solution, meaning customers in western Canada receive the same experience as customers in eastern Canada. This extends even to customers located in very remote regions who, for other carriers, are either an afterthought, or simply considered "unreachable." And now that inventory levels are accessible, customers benefit from reduced incidences of stock outs.

The manufacturer was pleasantly surprised to learn that signing on with Purolator meant signing on with an entire Purolator team! The assigned account representative checks in regularly, often with thoughts about how service might be

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improved, usually via a creative new approach involving technology and out of the box thinking. In addition, a customer service representative has been assigned, and provides the manufacturer with detailed phone and email contact information should a problem or concern ever arise.

On time delivery rate is nearly perfect!

Since partnering with Purolator, this manufacturer has seen good things happen in its Canadian business. Shipments are delivered with greater than 98 percent on-time efficiency. The manufacturer has all of its needs handled by a single provider. Customer satisfaction has improved dramatically, and perhaps best of all, the company has set its sights on growing its presence throughout Canada.

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