

Collaboration: The key to building better partnerships



**HOW TO DRIVE SIGNIFICANT GROWTH IN
REVENUE AND PROFITS BY EFFECTIVELY
COLLABORATING WITH CUSTOMERS,
PARTNERS, AND SUPPLIERS!**

Collaboration: Some definitions



- “The coordination of all parties involved in delivering the combination of inputs, outputs or outcomes that will meet a specified requirement.”
- “A network of organizations that are involved through upstream and downstream relationships, in the different processes and activities that produce value in the form of products and services in the hands of the ultimate consumer.”

Collaboration: Critical Aspects



- **Specific dialogue among the ‘right’ people.**
- **Intense and focused with commitments of the time and resources of the entire organization.**
- **Taking the long term and strategic view.**
- **To improve the performance of the whole supply chain, a true ‘cradle to grave’ approach.**

Collaboration: To what end...



- Improved relationships, especially with more effective talking and listening.
- Innovation of products and processes.
- Joint problem solving and problem prevention becomes routine.
- Sharing developments costs, for example, in new designs of products and the subsequent marketing.

Collaboration: To what end, cont...



- **Reduced total cost to benefit both the manufacturer and the retailer.**
- **Reduced risk of losses for both the retailer and the manufacturer.**
- **Increased efficiency and quality, for example, reducing the time to market for new products.**
- **Developing trust and reliability between suppliers & retailers to help build a long term strategic relationship that brings greater value to each other.**

Opportunity: Greater Retail Execution!



- Are retailers with good stocking practices and strong retail execution practices more valuable to manufacturers than those without?
- Do retailers capture lost sale results created by out of stock situations and do they share this information with suppliers?

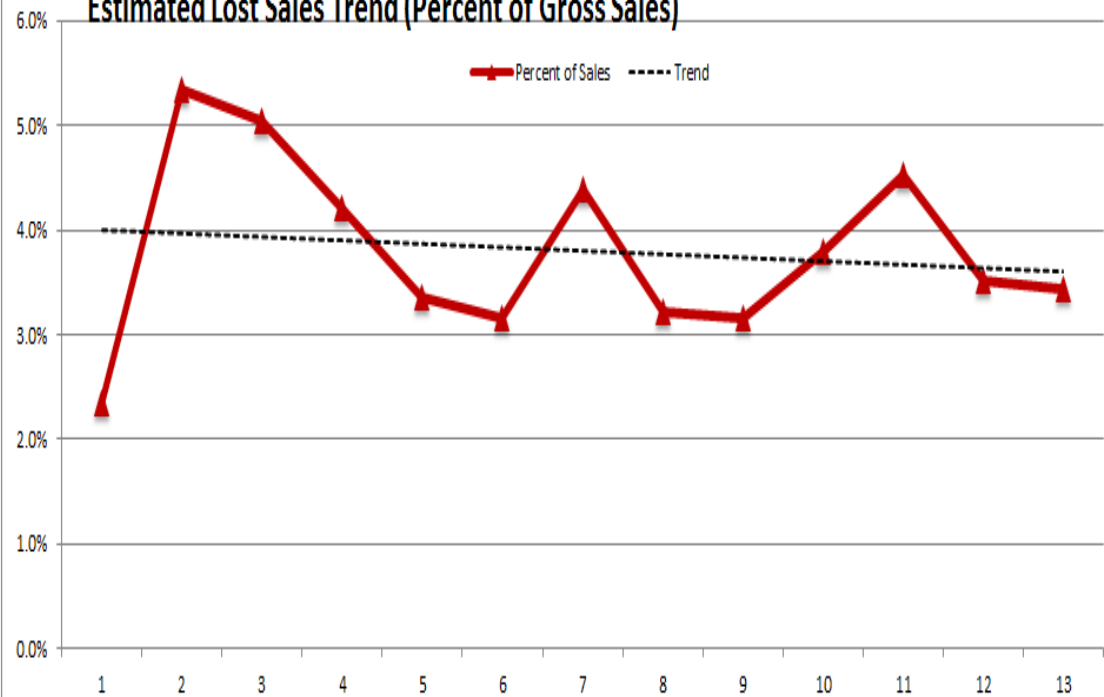
Retail Execution, cont...



Monthly Estimated Lost Sales due to Out of Stocks (ELS)

Dept	JANUARY	FEBUARY	MARCH
A	\$116,029	\$213,589	\$316,191
B	\$154,717	\$366,631	\$335,348
C	\$65,306	\$93,087	\$105,110
D	\$69,929	\$114,190	\$151,627
E	\$118,027	\$221,397	\$266,713
F	\$32,297	\$14,721	\$10,892
G	\$62,427	\$102,130	\$126,293
N	\$12,040	\$17,032	\$28,248
P	\$308,954	\$303,023	\$482,899
Q	\$7,738	\$15,319	\$96,363
R	\$50,669	\$45,812	\$52,355
TOTAL	\$998,133	\$1,506,931	\$1,972,039

Estimated Lost Sales Trend (Percent of Gross Sales)



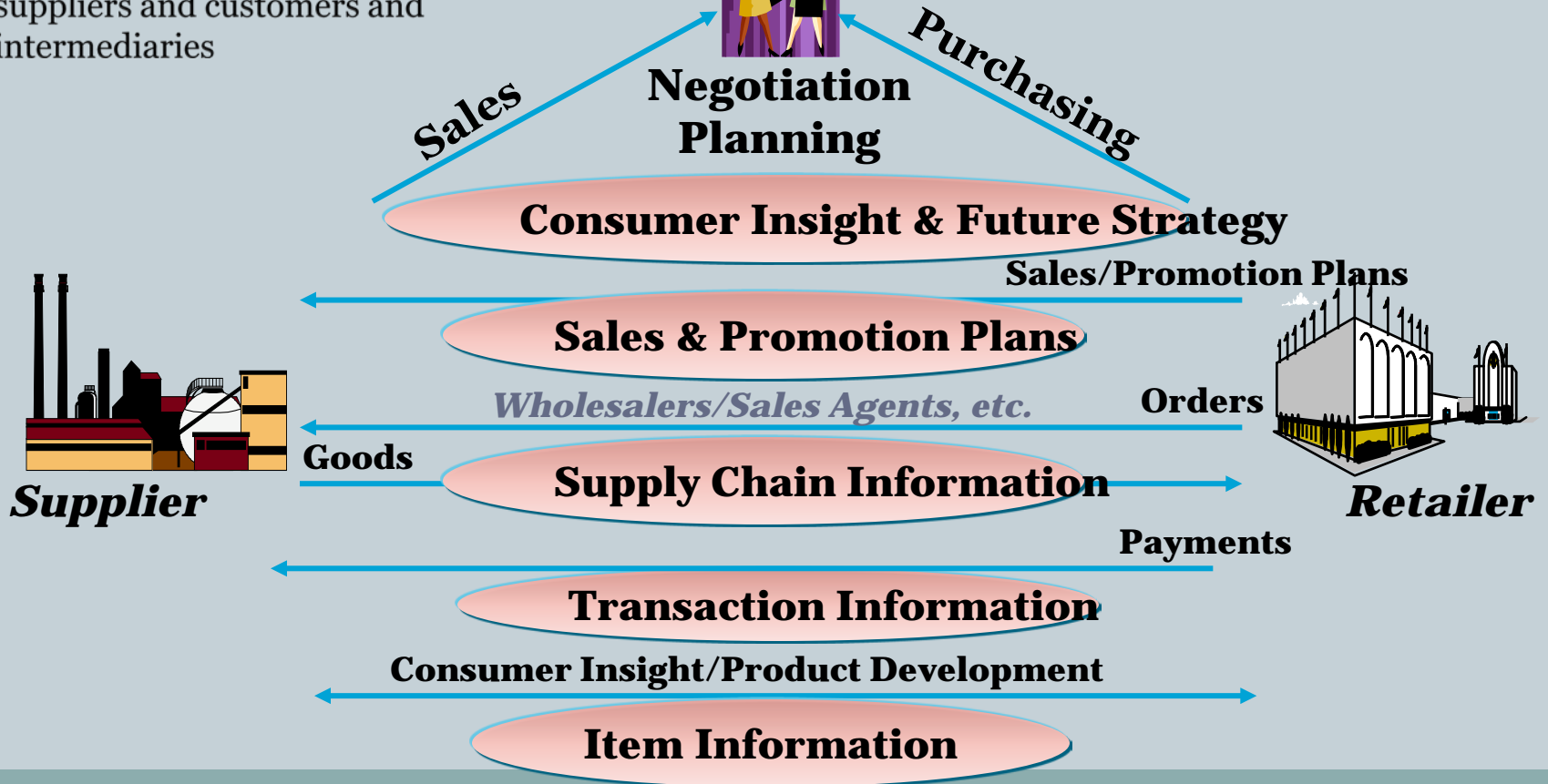
Lowest Total Cost of Ownership:



- **Can US Manufacturers maintain greater price competitiveness over their competition by lowering their product costs all the way to the retail floor?**
- **Can they do it by reducing waste & costs within purchasing, manufacturing, order processing, shipping & at multiple levels within retail?**

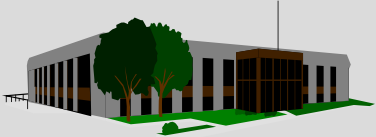
Automation: Electronic Commerce Collaboration

The use of *internet-based* technologies to enable *continuous automated* exchange of information between suppliers and customers and intermediaries

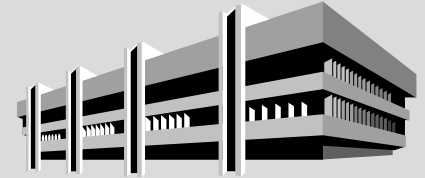


Business Data Flow Prior to Tendering Freight

SUPPLIER



CUSTOMER



Price/Sales Catalog (832)

Routing and Carrier Instruction (853)

Purchase Order (850)

Purchase Order Change (860)

P.O. Acknowledgment (855)

Purchase Order Change Acknowledgement (865)

Purchase Order Status Inquiry (869)

Order Status Report (870)

Planning Schedule w/Release Capability (830)

Request For Routing Instruction(753)

Trailer Usage Report(227)

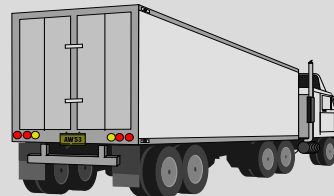
Carrier Loading & Route Guide (217)

Request for Carrier Rate Proposal(107)

Carrier Rate Proposal (106)

Response to Carrier Rate Proposal (108)

CARRIER



**Domestic
TL, LTL**

Trailer Usage Report(227)

Carrier Loading & Route Guide (217)

PO Shipment Management Doc (250)

Request for Carrier Rate Proposal(107)

Carrier Rate Proposal (106)

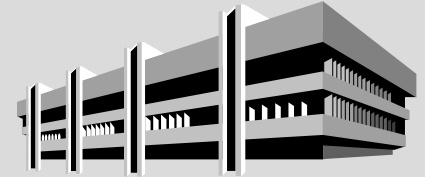
Response to Carrier Rate Proposal (108)

Tendering Freight to a TL Carrier

SUPPLIER



CUSTOMER



Appt Schedule Info - Pick-up (163)

Appt Schedule Info - Delivery (163)

Ship Notice/Manifest (856)

Routing Instruction (754)

Load Tender (204)

Response to Load Tender (990)

Appt Schedule Info Pick-up (163)

Shipment Status Inquire (213)

Shipment Status (214)

Load Tender (204)

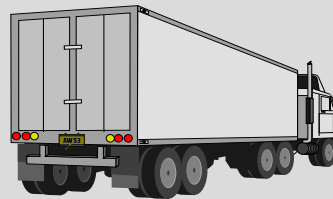
Response to Load Tender (990)

Appt Schedule Info Delivery (163)

Shipment Status Inquiry(213)

Shipment Status (214)

CARRIER



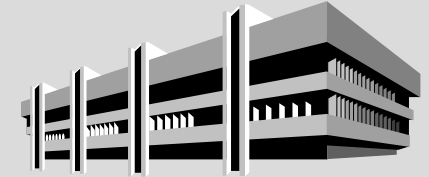
Domestic TL

Freight in Transit for a TL Carrier

SUPPLIER



CUSTOMER



Ship Notice/Manifest (856)

Shipment & Billing Notice (857)

Invoice (810)

Payment/Remittance Advice (820)

Shipment Status Inquiry (213)

Shipment Status (214)

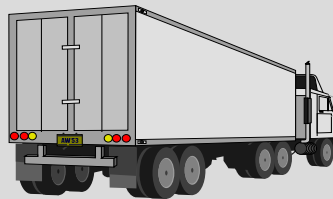
Freight Invoice (210)

Consolidators Freight Bill & Invoice (223)

Motor Carrier Summary Frt. Bill Manifest (224)

Payment/Remittance Advice (820)

CARRIER



Domestic TL

Shipment Status Inquiry (213)

Appt Schedule Info Delivery (163)

Shipment Status (214)

Freight Invoice (210)

Consolidators Freight Bill & Invoice (223)

Motor Carrier Summary Frt. Bill Manifest (224)

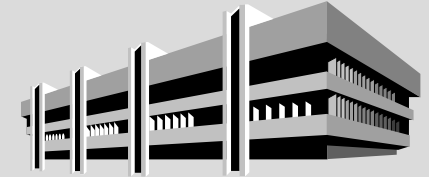
Payment/Remittance Advice (820)

Delivered Freight for all Carriers

SUPPLIER



CUSTOMER



Receiving Advice/Acceptance Certificate (861)



Shipment Status Inquiry (213)

Shipment Status (214/240)

Freight Invoice (210)

Motor Carrier Summary
Frt. Bill Manifest (224)

Loss or Damage Claim (920)

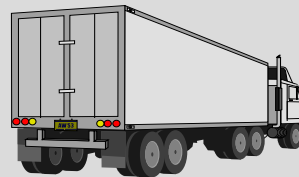
Claim Tracer (925)

Claim Status Rpt & Tracer Reply (926)

Payment/Remittance Advice (820)

Credit/Debit Adjustment (812)

CARRIER



**Domestic
TL, LTL,
Small Pkg.**

Shipment Status Inquiry (213)

Shipment Status (214/240)

Freight Invoice (210)

Motor Carrier Summary
Frt. Bill Manifest (224)

Payment/Remit. Advice (820)

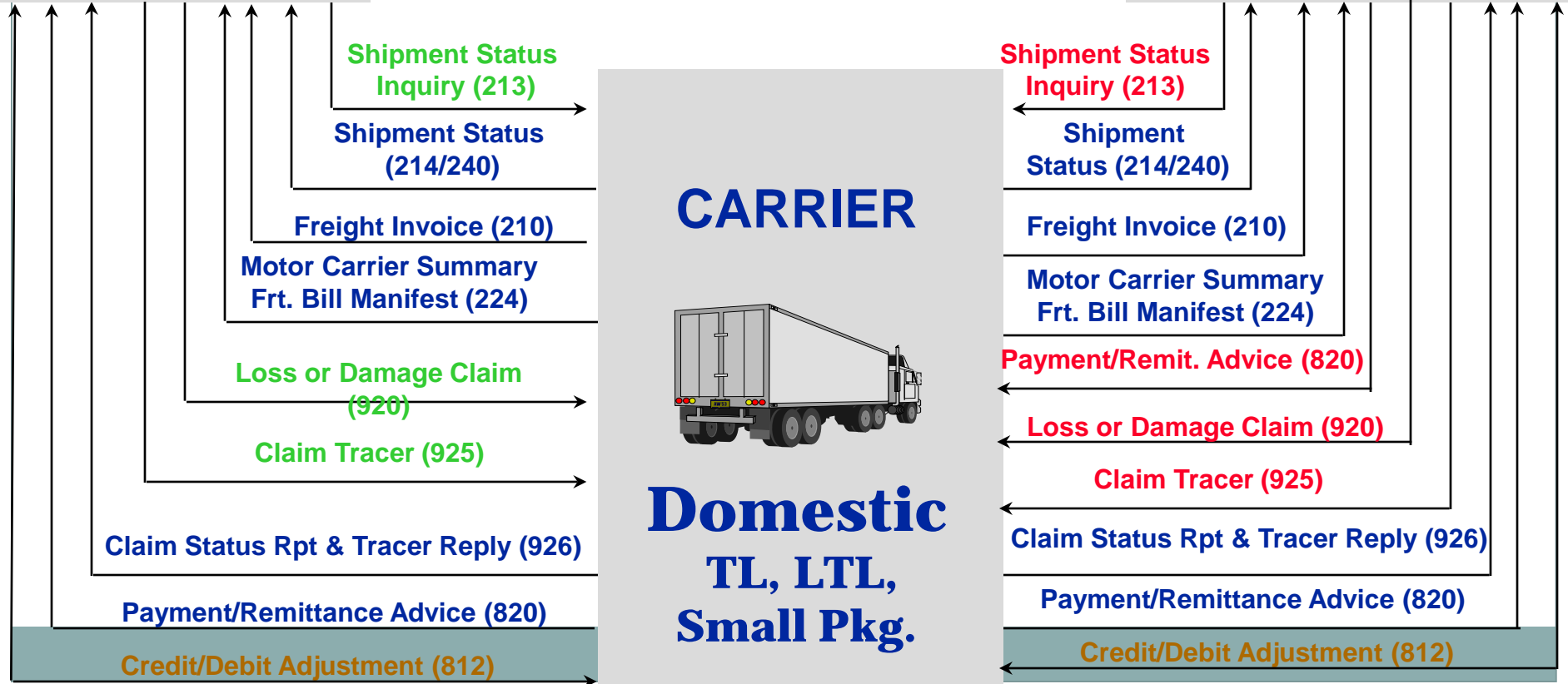
Loss or Damage Claim (920)

Claim Tracer (925)

Claim Status Rpt & Tracer Reply (926)

Payment/Remittance Advice (820)

Credit/Debit Adjustment (812)



Best in Class Activities:



- By integrating key supply chain capabilities with core business competencies, companies can create customer service value and gain improved consumer demand visibility to promote greater growth and profit.
- Programs such as Vendor Managed Inventory (VMI), Efficient Consumer Response (ECR), and Collaborative Planning, Forecasting & Replenishment (CPFR) can achieve this between companies.
- Maintaining these collaborative cross-functional teams, internally and externally, is a key to supply chain success.

Results?



- **By focusing on the top customers (e.g. 80/20 rule), manufacturers can improve forecasting accuracy through greater consumer demand visibility and drive the entire company's operations in support of its lean initiatives.**
- **The improved downstream demand and inventory planning information will positively impact raw material inventory and production labor and capacity planning as well.**

Results, cont...



- **Growth:** How better to maintain superior service to your customer than by taking on some of their inventory planning and ordering tasks?
- **VMI, ECR, & CPFR** programs not only help avoid stock outs and reduce lost sales, but an integrated supply chain team will facilitate new product introductions and create new business opportunities with existing customers.

Conclusion



- **The gain: greater revenues, greater profits, and reduced risk.**
- **How? Greater automation and collaborative supply chain programs will provide suppliers a competitive advantage through increased visibility and controls that lead to sales growth and greater internal efficiencies.**
- **Supply Chains should be a competitive advantage rather than simply a cost cutting activity.**
- **A supply chain is an integrated process from cradle to grave that requires transparency and collaboration with customers, suppliers, and partners.**