

DELIVERING ON THE CUSTOMER PROMISE:

Partnering for Supply Chain Success with

 **FramGroup** and *TrueValue*.



Disruptive forces such as sophisticated technology, onerous regulations, talent shortages, and infrastructure bottlenecks continue to be the prime focus for supply chain executives and managers. Coupled with meeting the rising demands of more digitally savvy customers, the supply chain landscape is evolving at an exponential rate.

While these challenges threaten to change the rules of the supply chain world, overcoming them to meet rising consumer demands has led to an increased need for visibility and control in all supply chain activities – from warehousing to transportation – to ensure optimization. The companies that adapt to beat these disruptions will more than likely come out ahead.

One approach more companies are turning to in order to achieve their goals is collaborating with a third-party logistics provider (3PL). During the Delivering on the Customer Promise panel at the Council of Supply Chain Management Professionals (CSCMP) conference in September, 2016, attendees heard executives from True Value, FRAM, and Ryder speak about how their partnerships help overcome many of the challenges companies face today.

“Around the industry you hear a common theme of ‘focus on your expertise,’” says Steve Sensing, President of Supply Chain Solutions at Ryder. “With our experience, we bring to the table best practices from a broad set of customers, which is a unique opportunity. This allows us to partner with companies, provide them the visibility to be able to respond to challenges, and create a positive experience with their customer base.”



“When you have transparency and collaboration you really open up the relationship to success. It strengthens the power of the two companies and what we can do together for the customers.”

– **Steve Sensing**, President, Supply Chain Solutions, Ryder



“As leaders in the industry, we have to think outside the box on how to become more efficient and get our products to customers when they want it.”

– **Steven Crowthers**, Director of Distribution North America, FRAM

To meet increasing customer demands, supply chain costs are on an upward trajectory. The goal for executives is to get ahead of the cost curve, leverage partnerships, and turn their supply chains into a differentiator.

“We live in a time of escalating expectations,” says Abhinav Shukla, Senior Vice President and Chief Operating Officer at True Value. “Retailers expect a 48-hour fill rate. This puts stress on just-in-time delivery and high order accuracy. These are the table stakes. We are pressured to be more effective through our supply chain.”

True Value and Ryder’s partnership spans more than four decades. The relationship began in the late 1970’s when True Value leased vehicles from Ryder, which also performed maintenance on all the equipment. The partnership expanded in 2015 with Ryder Dedicated Transportation Solutions managing the transportation services at 10 of True Value’s 12 Distributions Centers (DCs), the remaining two will transition by the end of 2016. The new agreement converted True Value’s fleet of leased vehicles to a dedicated fleet that includes driver management, routing, and scheduling services.

“With Ryder, we find the complexity of managing the details much easier than if we were running the fleet ourselves,” Shukla says.

No industry is immune from the pressure of disruptive supply chain trends. From retail to consumer packaged goods to technology and automotive, these challenges are causing executives to re-evaluate their operations.



“We approach every relationship with the spirit of continuous improvement. We take the trust we have developed and embark on a journey that continually optimizes the network, driving more value for our partners.”

– **John Diez**, President, Dedicated Transportation Solutions, Ryder

“Because of the pressure, there is more complexity,” Steven Crowthers, Director of Distribution at FRAM, says. “This adds to costs. We need to be innovative. That is where strategic partnerships come into play. Ryder taught us what they are best at.”

In 2013, FRAM partnered with Ryder to implement a LEAN supply chain solution in its 710,000 square foot DC in Hebron, Kentucky. The DC fills an average of 900 orders per day, which is about 30 truckload shipments.

Through collaboration, FRAM and Ryder have created a culture of continuous improvement that engages and empowers the workforce, while ensuring a more effective distribution and operations process.

“Omni-channel has changed the landscape of the industry,” Crowthers said. “We needed transparency and the ability to be flexible. We have that with Ryder.”

According to Armstrong & Associates, approximately 11 percent of U.S. logistics spend in 2015 was outsourced to 3PLs. And, the U.S. 3PL market has grown by roughly seven percent annually since 2009, driven by an increase in the outsourcing of both core and noncore logistic activities.

By outsourcing their operations to Ryder, True Value and FRAM were able to drive more value from their supply chains while being able to put a more concentrated focus into their core competencies. According to Shukla and Crowthers, this is possible because of the collaborative nature of the teams.

“We are in the ‘Now’ economy and consumer behavior continues to evolve,” Shukla said. “No trend in recent history has made more demands on a company’s supply chain. Our relationship [with Ryder] is open and honest. We have made improvements and evolve to create continuous improvement opportunities.”

“Ryder works with us, and we are one unit. Their goal is our goal,” Crowthers added. “In our distribution center, you cannot tell a Ryder employee from a FRAM employee.”

Both partnerships have achieved increases in flexibility, visibility, and talent management. In the case of FRAM, they have seen a seven-figure decrease in costs year-over-year. True Value, has achieved 97.5 percent fill rates and 99.7 percent accuracy on all orders.

According to the CSCMP State of Logistics Report, developing robust relationships – like True Value and FRAM have with Ryder – is key for profitable and sustainable growth. The current environment is giving way to a collaborative, interactive, design-based approach.

“Supply chains are becoming a differentiator,” said John Diez, President of Dedicated Transportation Solutions at Ryder. “More and more companies are looking to outsource. We take our experience and leverage it to create an advantage for companies and to drive value in their supply chains.”



“One of the key threads in our partnership has always been problem solving. When we approached Ryder about one of our biggest challenges being scheduling deliveries, we came up with a solution that we have had great reception on from our retailers. It’s an excellent example of a strong partnership with the key pillars of problem solving, collaboration, and open honest communication at all times.”

– **Abhinav Shukla**, Senior Vice President and Chief Operating Officer, True Value

AT A GLANCE

FRAM & RYDER

99.8%
pick accuracy

100%
productivity increase

Improved average Units
Per Man Hour (UPH)
from 33 to
68

0.03%
inventory shrinkage

TRUE VALUE & RYDER

Reduced fuel consumption
with improved IT route
engineering

Improved service level to
95.4%
in 2015

99.7%
order accuracy

Improved shipping
speed, reliability, and
delivery quality

180+
tractors upgraded
in 2015





About FRAM

FRAM Filtration manufactures and markets a variety of quality oil, air and fuel filters, as well as many automotive accessories such as PCV valves, crankcase filters and transmission modulators. FRAM Filtration employs state-of-the-art process control and automated inspection equipment to assure that products are made on time and meet rigorous internal and customer requirements. Some plants have also earned a number of quality certifications including ISO 14001 and ISO/QS 9000. Today, FRAM is known as America's number one oil filter brand.



About True Value Company

True Value Company, headquartered in Chicago, is one of the world's largest retailer-owned wholesale hardware cooperatives with gross billings of over \$2.0 billion and revenue of \$1.5 billion in 2015. The True Value cooperative includes approximately 4,500 independent retailer locations worldwide operating under the store identities of True Value, True Value Rental, Party Central, Home & Garden Showplace and Induserve Supply. Additional information on True Value and its retail identities is available at www.truevaluecompany.com.



About Ryder

Ryder is a FORTUNE 500® commercial fleet management, dedicated transportation, and supply chain solutions company. Ryder's stock (NYSE:R) is a component of the Dow Jones Transportation Average and the Standard & Poor's 500 Index. Ryder has been named among FORTUNE's World's Most Admired Companies, and has been recognized for its industry-leading practices in third-party logistics, environmentally-friendly fleet and supply chain solutions, and world-class safety and security programs. For more information, visit www.ryder.com.