

3PL Links Case Study: Retail

Entering Into Uncharted Territory

As a staple in the home renovation industry in Canada, 3PL Links' customer has been the go to store for do-it-yourselfers and contractors alike for more than 15 years. This big block retailer operates over 75 stores in convenient locations across Canada and is headquartered in Ontario, Canada. At any given time the customer can stock as many as 40,000 home improvement products; tailored to the communities they serve.



3PL Links' customer caters to do-it-yourselfers, as well as home improvement, construction and building maintenance professionals. Under its roof, the retailer provides various value-add features such as installation services, where the homeowner can choose to have qualified professionals complete home renovation projects for them. In addition to the installation services they provide, a tool rental service is available at selected stores throughout the nation.

Finding Revenue Through Partnership

Despite their dominance within the renovation industry, they were missing out on an important market. With over \$4 million in potential annual revenue at stake, the home delivery segment was a market they aggressively targeted. This market had many barriers of entry, including but not limited to the capital costs of buying or leasing trucks, the IT complexity of rolling out a program of this magnitude nationwide, and capital needed to manage it. That being said, the stores were able to create and implement an ordering process; however they were unsure about the capital cost involved with purchasing the Boom and Hiab Trucks and the knowhow needed to organize the logistical needs of such a wide spread network. For the time being, the program was put on hold.

In 2012 the retailer was approached by 3PL Links about creating a partnership to initiate and manage their home delivery service. It should be noted that at that time 3PL Links did not own or lease Hiab or Boom trucks. However, they leveraged their 125 years of management and logistics experience, and an industry leading

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ability to bring people, companies and ideas together. The first step was to sit with the retailer to get a true understanding of their goals and objectives. Further to these goals and objectives, 3PL Links had to create and enforce performance metrics or “Key Performance Indicators” to allow both parties to track and rate the progress and success of the program.

Rolling It Out

Before management gave the go ahead on the program, it was up to 3PL Links to put in place a nationwide network of boom truck operators. By creating a standardized evaluation program to rate and audit potential vendors, 3PL Links was able to connect with over 300 owner/operators. After approximately three months of working with all parties, 3PL Links had established a network that stretched from coast to coast.

With approximately 300 vendors and over 100 stores with the demand to offer this service, the next challenge was to allocate resources to ensure proper handling and auditing of the program on a daily basis. For this, 3PL Links did not have to look far; they were able to manage this program in house with their team of Operations Managers and Dispatchers. 3PL Links’ dispatchers handled the day-to-day dispatch and tracking of the trucks. Orders would be placed at the store level and then pushed to 3PL Links automatically to set up the pickup and drop off dates and times. In addition to the pickup and drop off, 3PL Links also tracked waiting times and customer satisfaction. By standardizing this program across Canada, 3PL Links was able to obtain “buy in” from all their vendors allowing for a smooth roll out of the program.



Tracking the Success

Once the program was rolled out, it was crucial that the program be constantly monitored and its efficiency assessed. To achieve this, 3PL Links had to synthesize information from a number of sources, and then provide that information to the retailer in accordance with their needs. Customized reports were generated specifically for all different levels of management to track various measurements of success. These reports covered aspects such as sales figures, customer satisfaction, and vendor performance. This ensured that the

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right information was in the right persons' hand before they had to ask for it. In this way, 3PL Links functioned as a valuable extension of the retailer, serving as their single point of contact for a nationwide service.

However, the assessment and reporting was not finished. Following the rollout, 3PL Links engaged in an analysis to show the retailer just how successful the program was. Several factors contributed to the efficacy of the boom truck network. Firstly, the retailer did not need to invest the large up-front capital to acquire the trucks. Purchasing over 300 trucks with the necessary equipment, even used, would have cost the retailer upwards of \$5 million. Leasing this amount of equipment would also have been prohibitively expensive. Furthermore, the IT resources required to connect all parties would have been a large expense as well. This does not take into account the ongoing hard and soft costs of implementing such an extensive program.

Over And Above

By establishing this “pay as you play” model, the retailer was able to avoid paying insurance on all the trucks. This also meant that they did not have to pay benefits and WSIB to the drivers in the network. The retailer did not need to invest the human capital and man-hours needed to find drivers for all the trucks, and to manage these drivers. In addition to avoidance of fixed costs, the flexibility of this system also accommodated the seasonality of the Canadian construction industry. During the winter, when boom truck demand is significantly decreased, the retailer did not have to suffer the cost of maintaining idle trucks. Then as demand ramps up in the warm months, the right type and amount of equipment is readily available.

When 3PL Links took all these factors into account, and compared the costs of running this program against the costs of the alternative, it was determined that the 3PL Links boom truck network had saved its customer 45% over their alternative system. Again, the retailer had not previously been able to secure business that required boom truck delivery. That being said, 3PL Links enabled its customer to capture over \$4 million in incremental sales over the first summer of the program.



This program perfectly represents one of 3PL Links' greatest strengths; their “reverse-engineering” approach to supply chain solutions. They pride themselves on their ability to solve their clients' logistics headaches by

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generating tailor-made solutions to the specific problems a company might have. Every company has their own specific difficulties, and in today's complex economic landscape it is imperative that companies have their needs truly understood. It is equally important that their logistics solution reflects that understanding. The time and care that 3PL Links takes to ensure this level of understanding is exactly why they have been able to forge such close partnerships with so many of their clients.

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