

RUAN

DEDICATION THAT MOVES YOUR BUSINESS

CHOOSING A HIGH-PERFORMING RETAIL LOGISTICS PARTNER

Searching for a retail third-party logistics (3PL) partner is almost as challenging as the business issues you face every day. You need someone who can consistently deliver product on time, address driver turnover issues, and provide flexibility to meet your ever changing needs. So how do you start? Develop a strategy for not only finding the right supplier, but finding someone who will be a true partner to help your company succeed. Though developing a partnership will require a larger investment of time and effort, the dividends will be far greater.

Get Acquainted

Let potential suppliers get to know you. Though you've got a lot on your plate, let potential suppliers hear from you about your needs. Talk to others in the industry, both retailers and logistics suppliers, about what keeps you awake at night, about the issues that are positively and negatively affecting your supply chain, and about your unique needs. Don't feel rushed into this process — developing a logistics partnership takes time, communication, and above all, a mutual understanding of the goals and expectations of the customer relationship.

For example, Ruan worked for more than 18 months to earn the opportunity to approach retailing giant Target about working in one of their distribution centers. Through this initial period, Ruan gained valuable insight into Target's supply chain and their specific issues.

Ruan was confident it could handle specific technical requirements, such as handling frozen and cold foods and large items. Though it is an industry-wide issue, Ruan learned that driver turnover was a particular issue in the retail segment because of the high demand of "events." There are obvious retail events, like holidays, but there are also events like storage and white sales.

On time delivery is imperative to the success of these events. On time delivery is a near impossibility without a consistent, well-trained driver roster. Though Ruan has one of the lowest driver turnover rates in the logistics industry, the company developed a program to specifically address the issue for Target. Ruan hired part-time drivers and paired them with full-time drivers. At peak times, extra hours are shifted to part-time drivers instead of requiring overtime of full-time drivers. Part-time drivers appreciate the additional hours, and full-time drivers appreciate being able to maintain their schedules and time with family.

Build Trust Through Partnership

Don't let your suppliers become complacent once you are working together. Because they work with you, your partners should reflect your company's values and ethics. Challenge your logistics suppliers to help address issues that you face every day. Their desire to learn more about you should be as strong every day as it was on the day you signed on the dotted line.

When Ruan earned the opportunity to work with one Target distribution center, it set out to do so in a way that both partners would be successful. Armed with the knowledge it gained, Ruan built the operation to be responsive and flexible from the outset. Recognizing Target's highly ethical and well educated corporate culture, Ruan built its distribution center operation to mirror those values. Ruan hired managers and dispatchers with similar education levels and backgrounds as those of Target's employees.

Once Ruan earned an opportunity with Target, the company's managers continued to build their relationship into a partnership. Target's distribution centers have several logistics providers working side by side. When other providers have driver shortages, Ruan drivers often are available to step in and take over routes. Ruan's intention isn't to take the business away from these other providers. The goal is to help Target succeed.

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Demand Performance

Taking the time to go through the process of finding the right logistics partner will not pay off if you don't demand performance from your provider. If they truly are your business partner, they will want to help solve your business problems.

Target had an issue with empty miles from the store back to the distribution centers. Ruan analyzed the situation and offered solutions to address the opportunity through a unique backhaul program. Ruan has been so successful on this front that it has received awards from Target. Though the award is a great testament to the partnership Ruan and Target have developed, the fact that they addressed a business problem together has been more rewarding for both companies.

Since its initial opportunity with one distribution center, Ruan has earned opportunities to take on more routes at more distribution centers. One of the reasons Ruan has been so successful with Target is that it applies what it learns at every distribution center to the new opportunities. Applying lessons learned allows both sides to hit the ground running when opening a new distribution center and to be successful from launch.

FIND A PARTNER, NOT A PROVIDER

Choosing the right retail logistics partner can be a daunting task, but by taking the time to find the right partner — not a supplier — you will reap dividends. Be prepared to invest the time and to open up to potential vendors. By working together, both partners in the relationship will excel. Be sure to continue to press your logistics partner to go beyond addressing the challenges, to think about your business and how they can help improve it — that is the hallmark of a true partner.