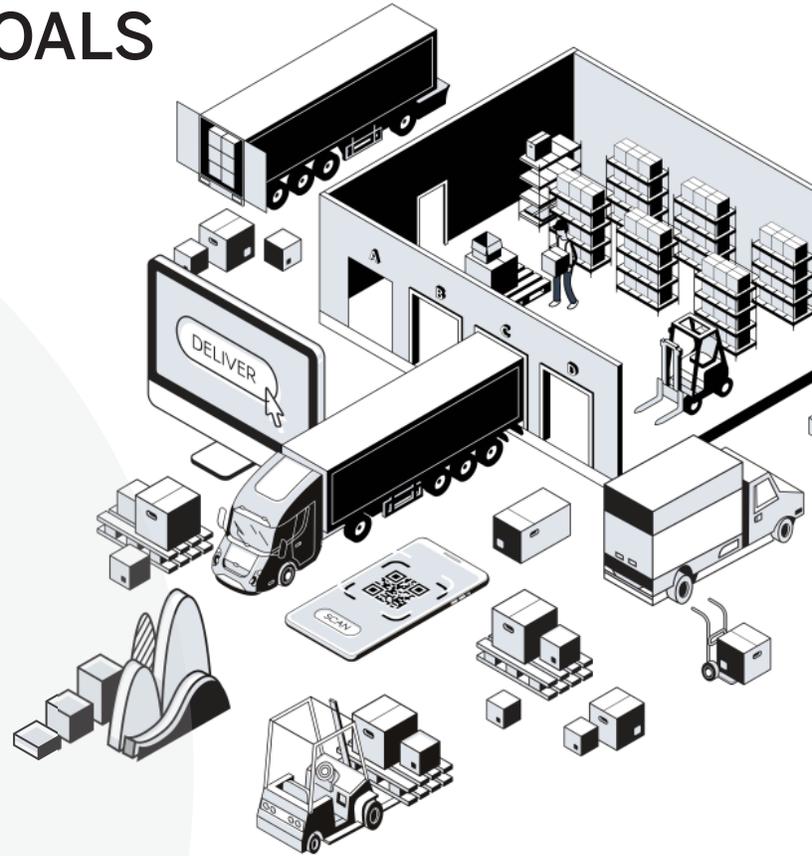




Case Study : Life Sciences

# WINNING THE OTIF GAME AND EXCEEDING RETAILER'S SERVICE GOALS



As the largest retailer in the U.S., Walmart is the most important customer for many CPG companies. The retail giant has taken advantage of this leverage with shippers, enforcing increasingly strict delivery requirements – from a four-day delivery window in 2016 to a one-day window in 2018. Reports suggest OTIF scores for Walmart's top 75 suppliers have been as low as 10%, and few have achieved Walmart's target of 95% compliance. Walmart levies a fine of 3% of the value of the goods, which directly impacts the bottom line of whoever is deemed the guilty party – whether the shipper or the carrier. Compounding the problem is that Walmart is notoriously intolerant of disputes, even in the case of unavoidable delays such as bad weather.



## CHALLENGE

Changing OTIF requirements had a particularly negative impact on one of Kenco's customers. Since 2014, Kenco has been managing the entire North American transportation network and a key distribution and kitting center for a well-known multinational pharmaceutical and consumer goods manufacturer. When the most onerous OTIF guidelines hit recently, Kenco had to deploy new strategies for this customer to satisfy Walmart's changing delivery rules.

## SOLUTION

Because of Kenco's agility and service-focused culture, we were able to quickly develop a game plan to help our customer avoid being hit with OTIF fines. The key was working collaboratively with the customer and their supply chain partners both upstream and downstream. Our game plan included:

- Adjusting order-flow processes and appointment scheduling rules to synchronize the upstream supply chain and drive more on-demand fulfillment. This ensures orders drop into our system in time to effectively consolidate and plan shipments, and in time for the DC's to pick, pack, and stage.
- Enforcing tighter rules for our key carriers and closely managing the relationship to drive timely pickups.
- Including precise instructions to the driver on the BOL (the driver is often a variable in any OTIF strategy, as drivers may try to deliver early unless directed otherwise).
- Closely monitoring delivery and clearly documenting what happens at the point of delivery (in many cases the receiving office will reject on-time loads and request redelivery a few days later because the DC is over-capacity, but will still levy a fine for "late" delivery).
- Successfully disputing wrongful fines using our documentation and experience navigating Walmart's dispute process.

## RESULTS

The collaboration between Kenco, customer, and their other supply chain partners resulted in huge gains. The new plan led to exceeding our customer's OTIF compliance goal for 24 consecutive months and counting with an average OTIF score above 90% - saving the customer over \$1 million in OTIF fines.

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**24**  
MONTHS



**>90%**  
AVG. OTIF SCORE



**\$1M**  
OTIF FINES  
SAVED

