



# BEST PRACTICES FOR PROFITS:

## DISTRIBUTION CENTER DELIVERIES



CalGal Freight Solutions  
EXCELLENCE. DELIVERED.

## ARE YOU COMPLIANT IN OTIF?

“On Time and In Full” may differ among retailers. Some require deliveries to be made on the specified date, while others allow a one to two-day window of flexibility. It is crucial to understand your customers' specific requirements in order to effectively prepare your organization for OTIF success.

So if you don't know what's all required, we suggest you ask your buyer and get your logistics partners all on the same page.

## UNDERSTAND APPOINTMENT SCHEDULING

Appointment scheduling plays a vital role in retail delivery.

The buyer will establish a definitive due date, commonly referred to as the Must Arrive by Date (MABD), or PO Due Date for the product to reach their DC (Distribution Center).

However, the individuals setting these due dates are not part of the receiving locations. Therefore, it is necessary to independently arrange an appointment time with the receiver. Some receiving locations have flexible scheduling, while others enforce strict appointment hours with minimal flexibility. Knowing the type of scheduling arrangement you are dealing with is crucial to ensure that your delivery is not at risk of being rejected.

Additionally, if you reschedule a delivery, it is important to verify whether the new date/time falls within your MABD or PO Due Date. Merely obtaining appointment approval does not guarantee compliance. If there are changes in your order quantity, remember to contact and update your buyer ASAP to ensure accurate due dates and quantities are reflected in the retailers' systems. Failure to do so puts you at risk of receiving inaccurate scores. If you are too busy to contact, delegate the tasks to your trusted logistics partners to do for you on your behalf. You can setup KPIs and have your logistics partners involved with your own internal Scorecard based on their performance.



## EFFECTIVELY COORDINATE PRODUCTION AND TRANSPORTATION SCHEDULES

Organizations often face challenges in achieving on-time delivery due to a lack of alignment between production and transportation schedules. It is essential to establish and manage expectations with your production team, ensuring they are aware of critical timelines such as ready-by dates and delivery dates. They need to understand the consequences of not meeting these standards and recognize that absolute ship dates cannot be changed.

Lean on your logistics partners to give you guidance on conservative recommended ship dates to help take into account possible delays such as missed pick ups, transit days, backlog of delivery appts with the DCs.

## CRYSTAL CLEAR COMMUNICATION WITH WAREHOUSES

Apart from aligning production schedules, it is crucial to communicate expectations clearly to your warehouse partners. Doing so will enhance the likelihood of the product being picked and packed in time for shipment by the carrier.

If an order is not ready and available on the dock on the ship date, it can trigger a cascade of delays that jeopardize timely delivery. Moreover, carriers may not wait for the shipper to finish getting the shipment ready, which would require you or your freight partner to reschedule the pickup appointment, causing a delay, may have to switch to a faster carrier option, costing you more money, and digging into your profits.

## RECONFIGURE YOUR NETWORK

Depending on your warehouse and production facility network, it may be advantageous to reevaluate and restructure your logistics processes to accommodate critical customers. When establishing a new retailer relationship, some suppliers opt to switch to new warehouse providers or locations closer to key receiving destinations. This change aims to reduce transportation time and improve overall efficiency.



## DUE DATES NOT FITTING WITH YOUR PRODUCTION SCHEDULE?

Consider requesting due dates that align with your production schedules. Buyers are often flexible when it comes to delivery appointments. Their primary objective is to keep products stocked on shelves, so if you encounter difficulties in delivering within the requested window, they are typically willing to collaborate with suppliers to adjust due dates. However, you must provide data-supported reasoning to support your request for a date change.

Retail buyers need to see evidence that demonstrates how an alternative due date would enhance OTIF performance. If a due date doesn't align with your production or transportation schedule, compile relevant supporting information and reach out to your buyer to request a revised timeline for all future orders.

## RENEGOTIATE MINIMUM ORDER QUANTITIES AND CADENCE

Renegotiate minimum order quantities and order frequency. In addition to requesting new due dates, buyers are often open to adjusting minimum order quantities or order frequency to maintain a mutually beneficial relationship. Buyers still need to see how such changes would support your brand in meeting compliance requirements. It is crucial to gather data that highlights the benefits of modifying minimum order quantities to improve OTIF performance.

## BUILD-IN LEAD TIME INTO YOUR SHIPPING PLANS

Adding sufficient lead time to shipments can be challenging, and rush orders are sometimes unavoidable. However, providing advance notice to your logistics partner can greatly contribute to meeting retail delivery requirements. With adequate lead time, your logistics partner can secure the most reliable carriers, reduce costs, and ensure orders are shipped with the necessary buffer time. Unexpected incidents can occur during transportation, but shipping with extra days of padding can make the difference between a successful and delayed delivery. This is particularly crucial during peak seasons and during winter or when adverse weather conditions are anticipated. Allowing a few extra days for transit provides flexibility in case of delays or other unforeseen issues.



## COLLABORATE WITH PREFERRED CARRIERS

Not all carriers possess the same level of expertise with deliveries. It is important to ensure that your organization partners with preferred carriers who have experience in this field. Choosing to book shipments with carriers that have retail experience increases the likelihood of meeting OTIF requirements. These carriers are familiar with the intricacies of retail shipping and are better equipped to meet deadlines. Working with preferred carriers also helps establish set ship dates and minimizes variability, allowing for greater compliance with OTIF standards. Schedule contracted carriers and set specific transit days and times to minimize disruptions.



## VERIFY IF YOUR PO ALIGNS WITH A CARRIER'S NETWORK CAPABILITIES

In addition to assessing a carrier's suitability for retail delivery, it is crucial to determine whether a specific order fits within their network, particularly when delivering to new receiving locations. Evaluate whether the carrier has a presence in the area and consider factors such as the proximity of terminals or the frequency of service to the retail location. It is unfortunate that many encounter this issue only after experiencing a service failure. Carriers often agree to transport a load without informing you of potential difficulties in delivering to a specific location. Therefore, it is important to examine a carrier's network before finalizing a shipment to ensure a proper fit.

## EXPLORE AND EVALUATE CONSOLIDATION OPPORTUNITIES

Consolidation or pool distribution can often lead to cost savings and improved on-time performance for specific receiving locations. By implementing these strategies, tracking shipments becomes more manageable, and service levels increase. However, it is crucial to assess whether a retailer is suitable for this shipping approach. If consolidation negatively impacts on-time performance, you may need to modify your programs or routing and communicate precise expectations to drivers and warehouses to meet stricter due dates. For instance, if your orders are currently grouped with other freight and fail to meet performance benchmarks, isolating those shipments may be necessary to ensure successful delivery.

## GAIN REAL-TIME VISIBILITY INTO YOUR ORDERS

Order tracking is paramount in managing OTIF performance. Collaborate with a logistics provider that offers real-time updates through technological solutions. Staying informed about events during shipment enables you to intervene promptly if any issues arise and actively prevent late deliveries. Without real-time visibility, you are at a disadvantage and may face difficulties in meeting OTIF requirements.



## LEVERAGE LOGISTICS DATA

Accurate tracking and evaluation of transportation analytics play a critical role in managing supply chain performance. By isolating key metrics, you can diagnose areas for improvement in OTIF performance and identify necessary adjustments in your logistics operations. Analyze not only your final OTIF score but also the timeliness of your pickups and drop-offs. If pickups consistently occur late, you can identify which facilities are causing issues and address them accordingly. Data analysis is vital in finding effective solutions; without it, the necessary improvements may remain elusive.

## REVIEW THE ADVANTAGE OF SENDING PARTIAL SHIPMENTS VS DELAYING

If your retail customer calculates on-time and in-full percentages independently, you have more control over your freight and can make informed decisions on how to send orders. For example, if your recent orders have been consistently on-time but incomplete, indicating a high on-time score, you can choose to hold onto a shipment until all products are ready and deliver it a day or two later. This approach helps avoid further damage to your in-full metric. Understanding your customers' thresholds for these metrics, as well as your current performance, allows you to assess the optimal timing for sending an order. Managing your scores in this manner can help prevent substantial fines.

## PARTNER WITH EXPERTS IN RETAIL LOGISTICS

Delivery experts in retail logistics possess specialized knowledge and experience in managing the complexities of retail supply chains. By collaborating with them, you can gain valuable insights, guidance and support to optimize your operations and improve OTIF performance.

At CalGal Freight Solutions, we prioritize punctual delivery and order compliance. Meeting retailer's OTIF guidelines should be effortless for our customers. Our team of logistics consultants not only ensures timely completion but also assists in troubleshooting and uncovering potential efficiency and cost-saving measures throughout the entire business process.

Contact us to learn more about how we can work together and help you to be more profitable!



# 8 TIPS FOR OTIF COMPLIANCE AND PROFITABILITY

**1) Are all parties fully aware of the OTIF processes?** Educate all transportation providers and shipping locations and confirm all parties are aware of the OTIF processes. Taking the time to educate on the stricter expectations will ensure they know the importance of being on schedule and will save time and increase your profitability.

If you are not aware of all the OTIF processes, ask your transportation partner for assistance.

**2) Do you know your MSBD (Must Ship By Date) for each PO?** If you don't, start with the end in mind and think through all factors that impact a carrier's ability to get a shipment delivered on-time. Ask yourself, if the PO's Due Date is X date, am I taking into consideration all the modes of transportation available at the most economical cost, any potential delays in transit, any potential backlog of appointments at the receiving location,

**3) The importance of MSBD for each PO and each delivery location?** Are your production teams aware of the MSBD (Must Ship By Date)? Understanding the significance of the Must Ship By Date (MSBD) for each purchase order (PO) and delivery location is essential. It is important to ensure that your production teams are well-informed about the MSBD. Engage in conversations with your production teams, emphasizing the consequences of missing the MSBD and highlighting the importance of adhering to absolute ship dates, which cannot be modified.

Talk to your production teams. Make sure they are aware of consequences and that absolute ship dates cannot be altered.

**4) What are the delivery appt requirements?** Delivery appointment requirements involve setting up specific time slots for delivering goods, considering the Consignee's availability, and understanding how the delivering carrier handles appointment scheduling. This information is crucial for estimating delivery lead times, selecting a carrier and meeting shipping deadlines.

Understanding the importance of appointment scheduling not only with the Consignee, but also the delivering carrier's process for handling delivery appointments as this information will impact lead times and should be considered for Must Ship By Date (MSBD).



**5) How do PO changes affect a shipment?** Modifications to a purchase order (PO) can have an impact on shipments. When changes occur in the order, it is important for shippers to promptly communicate and update their buyers. This ensures that the correct due dates and quantities are accurately reflected in the retailer's scoring systems.

Remember, if your order changes, shippers must contact and update their buyers to ensure correct due dates and quantities are reflected in retailer's scoring systems. This is not new but now has stricter consequences if not followed.

**6) How to reschedule a delivery?** When rescheduling a delivery, it is important to inquire or verify if the new date/time falls within your Must Arrive By Date (MABD). Simply obtaining approval for an appointment does not guarantee compliance with the required timeframe. Therefore, it is essential to ensure that the rescheduled appointment aligns with the MABD.

If you reschedule a delivery, be sure to ask or check if that new date/time falls outside of your MABD. Just because an appointment is approved, that does not mean it is compliant.

**7) Consider whether to move a shipment with other freight (consolidated shipment) or dedicated freight?** Ultimately, the decision to choose between consolidated shipments or dedicated freight depends on factors such as cost considerations, urgency, control requirements, and specific logistics needs. Evaluating the trade-offs and considering the unique circumstances of each shipment will help determine the most suitable approach.

If your orders are currently being routed with other freight, you may need to change up consolidation programs or routing and communicate clearer expectations to drivers and vendors to meet new, stricter due dates.

**8) Does your logistics partner have a strong track record for on-time delivery to big-box retailers?** If your logistics partner does not have a proven history of delivering shipments on time to big-box retailers, it is recommended to seek out and collaborate with a partner who does. Connecting with other industry professionals can help you find a logistics provider with the necessary experience and expertise. Working with such a partner can greatly contribute to successfully meeting On-Time In-Full (OTIF) standards.

