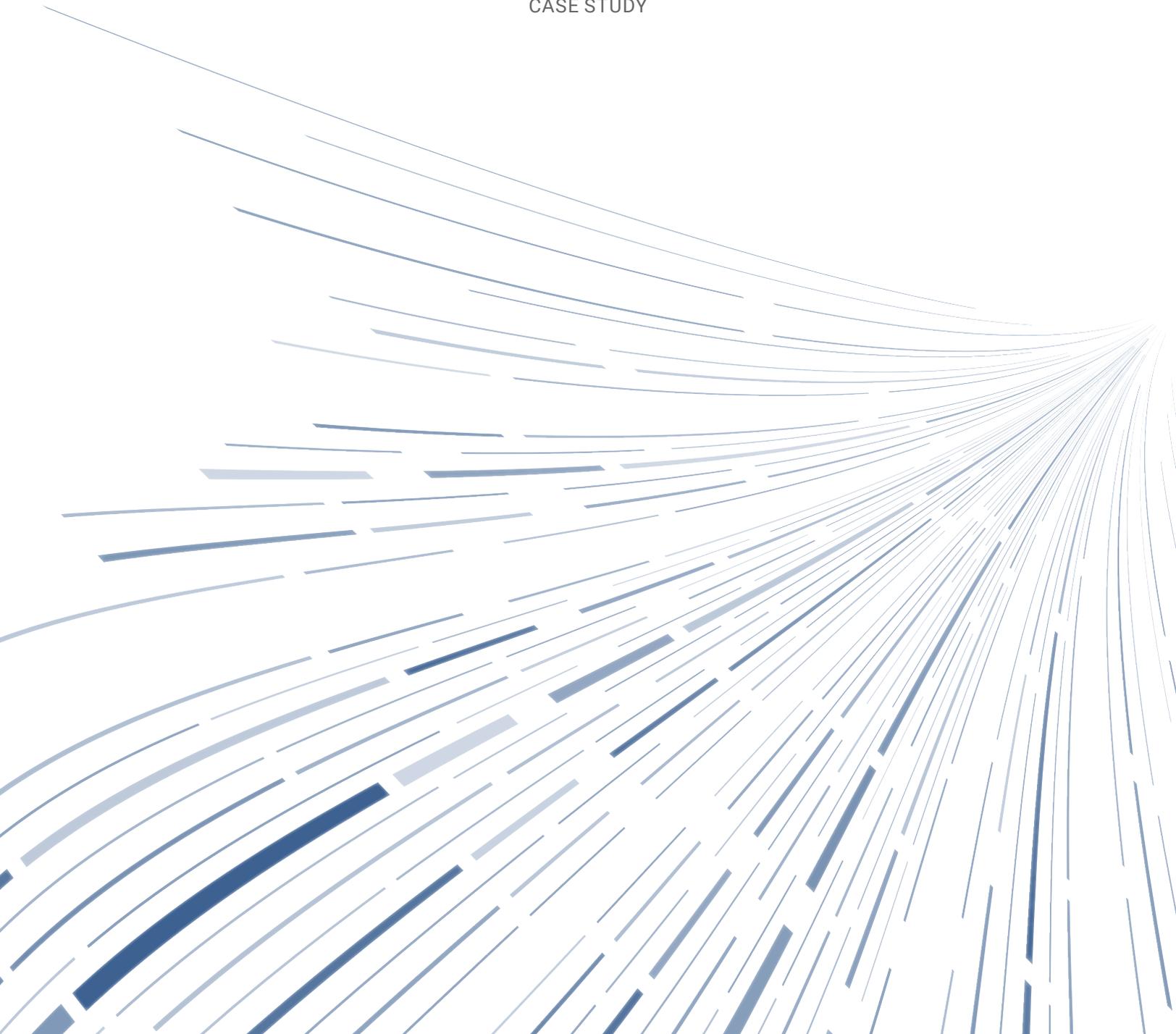


**2PL | ADVISORS**  
RETHINKING LOGISTICS

## Walmart OTIF Program

CASE STUDY



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### The Client

A leading HDTV consumer electronics brand and the #1 Sound bar brand in America.

2PL Advisors has worked with the client for many years in multiple transportation modes including LTL, PTL and TL. The client ships a majority of their product into big box retailer distribution centers. **Most large retailers impose chargebacks if you violate their on time in full (OTIF) requirements. These can prove to be extremely costly to customers, anywhere from 2% to 4% of the invoice value.**

### The Challenge

Walmart has changed their OTIF requirements several times over the last 5 years, both in the amount of days they allow in their delivery window and also what OTIF percentage the vendor needs to be at before being penalized.

2PL Advisors has many clients doing business with big box retailers, so a close eye is kept on what kinds of changes these retailers are making and solutions are adjusted accordingly. Well, sure enough, Walmart announced another change: that they would be moving their minimum OTIF score to be 98% on time, a very difficult number to achieve.

At the time, the client had been using traditional LTL providers for their shipments to Walmart; however, once the new OTIF requirements were announced 2PL Advisors knew they would need a better solution to meet the new requirements.

With common LTL carriers, shipments are picked up, moved through a hub and spoke network and usually begin the appointment process with Walmart at the destination terminal. Once an appointment has been made, the majority of LTL carriers have a drop agreement with Walmart in which they drop the trailer with freight at the distribution center. While this is common, it can cause issues in a few different areas: delays in transit through the terminal network, more likely to incur damages/shortages through multiple handling points, availability of appointments due to the times available once reaching the delivery terminal; and lastly, piece count and POD issues since the freight is dropped off and the drivers are not on site when POD's are signed and it can take weeks to get a POD back.

## The Solution

Because 2PL Advisors works with so many clients across so many industries, often there are solutions in place with others clients that can work very well for new or current clients that have been proven to work. Since this Walmart solution had already been proven successful for a similar client, 2PL Advisors brought the solution to the client needing a better Walmart solution. The solution was a Walmart approved pool consolidation provider.

Unlike traditional LTL, pool consolidation is much different. First, since the program is approved by Walmart the must arrive by days (MABD) are synced to match with everyone else that is part of the program. The orders drop like normal, usually with more lead time, the shipper prepares them and the consolidation provider comes to their warehouse to pick up (just like with LTL). However, at that point the shipments are taken back to the providers dock and the provider immediately starts making appointments with Walmart, much sooner than an LTL carrier. Each shipment is combined with all the other Walmart customers to the same distribution centers and loaded on to a 53 foot trailer that is destined to one of Walmart's 42 dry retail distribution centers. The freight moves as a truckload (not LTL through multiple terminals) which significantly improves on time performance. In addition, since the freight is now moving as a truckload it is a live delivery at the Walmart DC. This allows the provider to correct any errors with the Walmart piece count and also retrieve POD's upon delivery.

The client agreed and 2PL Advisors started the process with the provider. **2PL Advisors assisted with rate negotiations, synching the Walmart MABD to the pool program and assisted in onboarding and connecting the client directly with the transportation provider and helping to establish a solid relationship so the client can work directly with the provider (no brokerage).**

## The Result

The client started with a small test which went very well and soon moved over 100% of their LTL and PTL volume destined to Walmart over to the provider. This provided simplicity, flexibility and a standard operating procedure for all to follow. The client utilizes the provider out of all three of their warehouse locations: Southern California, Chicago area and Dallas.

**The client's OTIF scores improved dramatically, regularly hitting between 98%-100% on time every week.** The client is also adding in additional retailer shipments (Sam's and Walmart.com) to the program to continue to take advantage of the solution and improve those scores as well. **In addition, the cost structure of consolidation also resulted in significant cost savings.**



**If you are a shipper that does prepaid transportation into big box retailers, please reach out to 2PL Advisors and they can assist with finding the right solution for you.**

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