



**National
Consolidation
SERVICES**

 **Powered by Menasha Corporation**

Time is Money
Profiting from Reduced Cycle Time



Your retail customers are demanding smaller, more frequent shipments, which increases your cost-to-serve them. While this makes their inventory more predictable and minimizes both their carrying costs and out-of-stocks, it costs you money through increased fulfillment costs and not shipping in economic quantities.

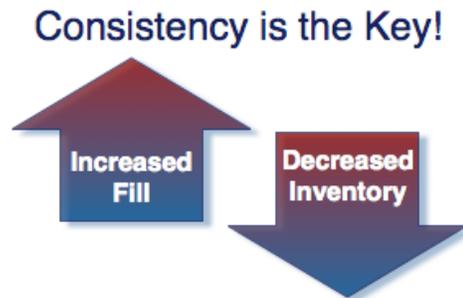
What if you could meet your customers' demands for perfect orders, increase sales and service levels, and reduce your cost-to-serve your customers?

What if you could accelerate the flow of smaller shipments to your customers' distribution centers, reduce cycle time, and improve on-hand consistency?

National Consolidation Services' (NCS) **PRIORITY ONE SERVICE** was created specifically to provide consistent delivery of your LTL shipments through a network of consolidation centers directly into your customers' distribution networks.

PRIORITY ONE SERVICE dramatically reduces cycle time versus direct LTL and eliminates the uncontrolled variability of individual deliveries. NCS provides reliability which reduces costly inventory at the DC level. The result for you and your retail partners is a speed-to-market process that reduces "stock-outs" through timely delivery of your product. *The simple result is a lift in your over-all sales.*

Plus all this is accomplished without changing your fulfillment culture or ways-of-working!



THE ISSUES WITH SMALL SHIPMENTS

Retailers don't want to own costly inventory. They prefer to sell inventory before they pay for it. They want to lower DC inventory by increasing inventory turns while improving the in-stock condition at their stores. This "mission" now extends to smaller and less expensive items.

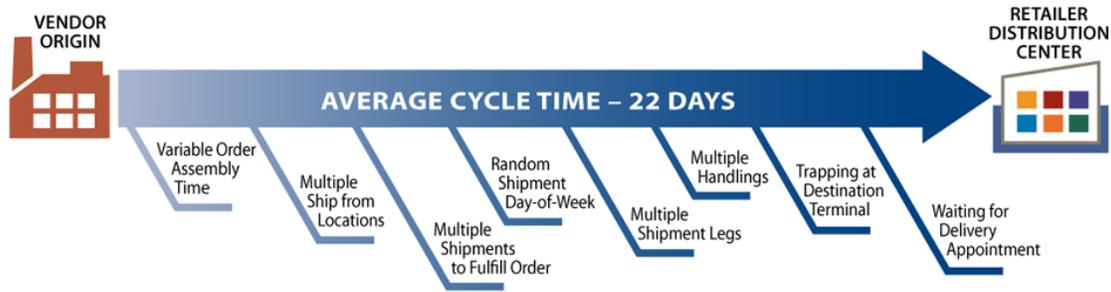
All parties benefit from just-in-time shipments that accelerate the flow of merchandise from a supplier, through a distribution network, and into a store.

For a retailer, lowering DC inventory requires ordering the right amount, at the right time, and at the right price. This translates to eliminating minimum purchase quantities, then the ordering and shipping of smaller quantities more frequently.

But smaller, more frequent orders and shipments (LTL) increase cycle time. They cost more to ship and take longer to fill and deliver than full truckload. When you send an LTL shipment, you are dropping your shipment into a network that has multiple handlings and adds transit time to the order cycle (and increases the risk of both damage and loss). As transit dependability suffers, you lose the ability to accurately plan arrival time at the retailer's DC.



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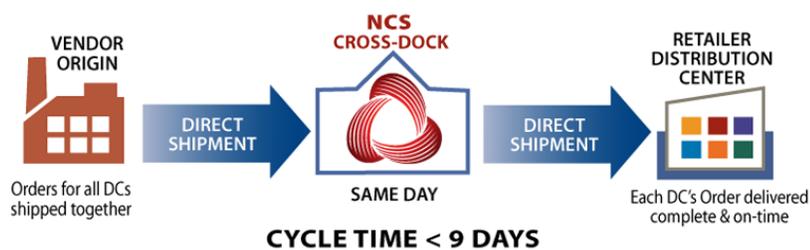


A common carrier's LTL network is fragile because it is predicated on moving fully-loaded trailers between break-bulk points. Your shipments are dependent on break-bulk throughput to move to the carrier's next terminal handling point. The last mile is then subjected to "trapping at destination terminal." The LTL carrier holds your shipment until there is enough freight to make an economical delivery to the retailer. Your shipment may sit on the dock just miles from your customer and not get delivered by the buyer's ship-to-arrive date.

In addition, since transit time with LTL is not guaranteed and arrival time uncertain, appointments cannot be pre-scheduled. Scheduling the delivery appointment must wait until the shipment arrives at the destination terminal of the LTL carrier. If your customer's distribution center is busy and consumed with pre-scheduled appointments, your shipment can be delayed *additional* days.

Dependability is THE critical success factor to making a just-in-time strategy work. If delivery is uncertain, inventory accumulates to protect against out-of-stocks in the stores. Although emergency ordering and expedited shipping is another remedy, it comes at an extremely high cost. The buyer must be able to depend on orders/shipments arriving in time to fulfill store demand -- transit must be dependable and arrival at the DC predictable.

When you hire a carrier to move a full truckload, you are, in essence, chartering a vehicle. You have exclusive use of that vehicle for the transit and



control the routing and the schedule, within the parameters of the law. When shipping a truckload, transit time is known and arrival time can be easily planned. With LTL, you control neither the routing nor the schedule (unless you pay extra for time-specific service).

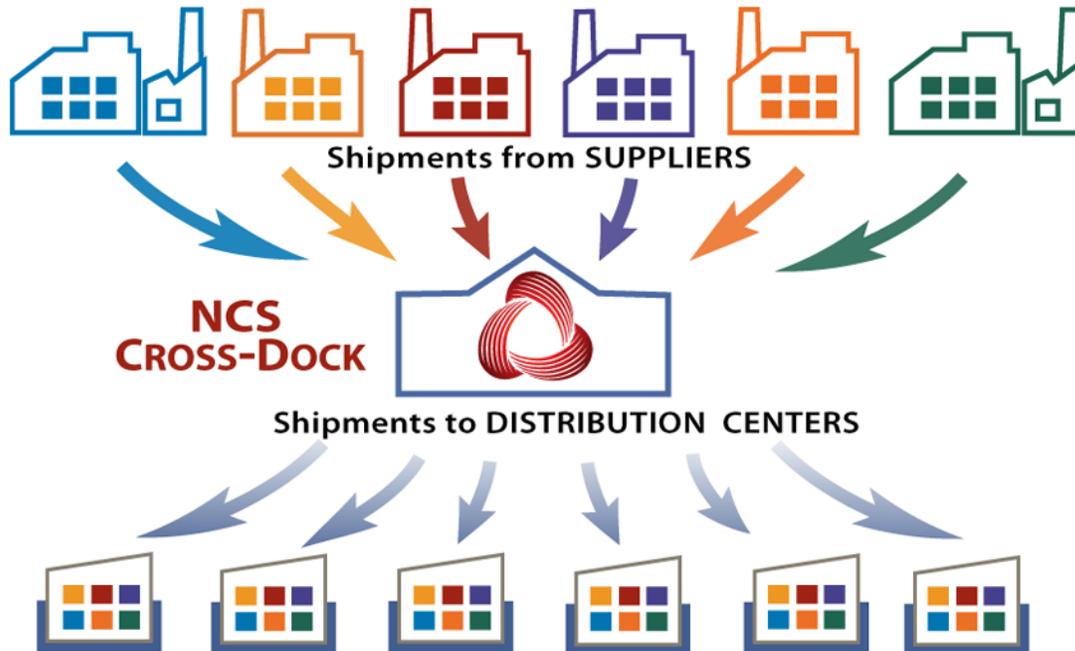
HOW IT WORKS

NCS' **PRIORITY ONE SERVICE** takes the variability out of the supply chain. NCS consolidates smaller shipments from multiple suppliers into truckloads at a single consolidation point and moves them on pre-appointed schedules direct to the retailer DCs.



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Although there are many options for submission, fundamentally an order for pick-up is initiated with NCS. NCS coordinates pick-up of your shipments, moving them to the nearest NCS facility, where they are cross-docked and loaded into outbound trailers. NCS delivers to your customers, where standing appointments at destination DCs expedite product receipt.



Although this process appears straightforward, its success is due to three factors:

- Transit and Scheduling is tightly-controlled, significantly reducing the time to deliver versus the traditional LTL schedules
- Accounting at each stage is precise -- case and/or pallet count is verified, and precise shipping documentation is communicated to all stakeholders
- Standard and stringent process execution provides absolutely consistent results

The over-all impact to your supply chain is a speed to market and handling that is characteristic of an exclusive-use service, but at traditional LTL cost. Quality is evident by consistent damage-free, on-time, and intact deliveries.

WHY IT WORKS

There are significant complexities in executing a consolidated delivery solution without collaboration. Few companies -- retailer or supplier -- have sufficient volume, or the strategic desire, to construct a cross-dock network exclusively for themselves. If they did, it would be unidirectional, lacking the lane *density* and *frequency* to justify the expense. There are three critical success factors that enable NCS to succeed in providing an efficient and cost-effective LTL shipment alternative.

1. The Cross-Dock facility must be in a Strategic Location



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- A. To assemble inbound shipments from suppliers dispersed nationwide, the consolidation point(s) must be centrally-located.
 - B. The service center must be able to receive, cross-dock, and ship within 24 hours.
 - C. They should be close to supplier's facilities, but must be no further than 2 days transit away.
 - D. They should be close to receiving DCs, but must be no further than 3 days transit away.
2. The Network must be operated by a Managing Partner
 - A. NCS manages/operates the network and protects the interests of all trading partners.
 - B. Interconnected and dependent processes and timing are centrally managed by NCS. The goal of NCS is to not change the retailer's or the supplier's daily business processes. To send an order to NCS, you simply tender a pick-up request. Your standard operating procedures remain the same.
 - C. The retailer receives more JIT shipments in mixed-supplier full truckload quantities, with better documentation and more advanced notice of expected product.
 - D. To support promotional and display order spikes consisting of multiple truckloads, NCS can arrange "pulse" deliveries -- spreading multiple deliveries across multiple days-of-the-week -- to help balance the receiving DC's workload and efficiently facilitate timely store delivery.
 3. The Network must deliver a value impact to both the supplier and the retailer.

NCS' optimized supply chain structure minimizes operational costs, streamlines processes, and significantly increases service levels. Your customer service level increases and your risk decreases with no out-of-pocket costs to you.

BENEFITS

PRIORITY ONE SERVICE delivers ***Velocity, Dependability, and Visibility.***

The result is dramatically reduced cycle time versus shipping direct LTL -- and with much better quality. Many of our customers have experienced cycle time reductions of nearly two weeks -- from 22 days down to 9 days (or less)! This cycle time reduction cascades into a multitude of other benefits for you and for your retail customer.

Velocity - Uncontrolled variability exists in an LTL network -- transit time and local delivery time vary with network volume, and delays will likely occur.

- o NCS moves shipments on a specific schedule; they arrive at the NCS service center directly and quickly.
- o NCS has daily pre-scheduled appointments for all DC lanes.
- o NCS is open-to-receive 24/7 for all inbound freight. Carriers are not delayed waiting to get into an NCS service center.



Any product that comes into any NCS service center today, moves out today!

Deliveries direct to Retailer DCs are made in consolidated multi-supplier truckload shipments with pre-scheduled and pre-advised appointments at the receiving locations. This precise scheduling and communication compresses days out of the normal LTL transit time, giving you faster and more consistent door-to-door transit times.

Faster and more consistent performance reduces safety-stock inventory while increasing inventory turns. Faster cycle-time combined with increased shipping consistency (and reduced lead time variability) results in significantly-improved in-stock positions. Predictability in the demand cycle facilitates better forecasting for promotions and other volume spikes. The result for you and your retail partners is that your product is on-the-shelf and on-time, which *improves* in-store sales, and therefore increases your sales.

Your proof is reflected in your shared Key Performance Indicators and Scorecards.

Dependability - The more freight is handled, the more susceptible it is to loss and damage. **PRIORITY ONE SERVICE** reduces handling by routing goods through just one cross-dock facility. NCS' standards and precise accounting for inventory in transit minimizes the risk of service failures, loss, and damages.

Visibility - With NCS, all stakeholders have complete visibility to shipments in transit. NCS inputs Purchase Order detail into the DC receiving module which is immediately available to the respective buyer and specific suppliers for every pre-scheduled load. An arriving load is sequenced for the receiving associate in the order it is expected to be unloaded.

NCS maintains a complete record of every shipment with references to the PO numbers it contains, the assigned carrier, and delivering trailer number. You can service your customers' requests for more frequent, smaller orders, plus ensure they are on time and accurate. Sales are potentially increased due to improved in-stock positions in your customers' stores.

PRIORITY ONE SERVICE benefits your customers by delivering to standards which free capital dollars through reduced inventory safety-stock levels and increased inventory turns.

Most important, you can lower your cost-to-serve your customers and accelerate your order-to-cash cycle time!

ABOUT US

National Consolidation Services was founded in 1998 with the initial charter of reducing cycle time and inventory within Walgreens. Since approximately 95% of replenishment shipments Walgreens received were considered LTL, the **PRIORITY ONE SERVICE** was created to deliver LTL shipments consistently from many suppliers' shipping locations, through a consolidation center and into the Walgreens distribution network.

To date, over 1350 suppliers have utilized the **PRIORITY ONE SERVICE** program. They ship from over 1750 locations to 19+ Walgreens DCs. Eight hundred fifty are regular suppliers (53.3% of the total). NCS is named as a primary carrier on the Walgreens



routing guide on 72% of the service lanes in the domestic U.S. and is the largest single service provider for LTL replenishment purchases for Walgreens.

The **PRIORITY ONE SERVICE** network includes Bolingbrook, IL, Easton, PA, Atlanta, GA, and Santa Fe Springs, CA. The network is scalable to service retailers nationwide.

To appreciate the magnitude of the savings possible by employing the **PRIORITY ONE SERVICE**, one simply needs to examine the results Walgreens has realized in its partnership with NCS:

- Total safety stock was reduced from 23 to ~10 days
- Cycle time to Walgreens was 22 days prior to NCS; it is currently under 9 days. NCS' total cycle time is less than 7 days

Walgreens has stated,

"No one gets product into our DCs FASTER than NCS."

CONTACT US

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