



**National
Consolidation
Services**

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Customer Satisfaction Survey

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Authors

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OUR EXPECTATIONS GOING INTO THE SURVEY

Neither of us had worked for (or even heard of) NCS prior to the study. We were going to conduct phone and email interviews with 100 NCS customers (and we actually did). We wanted to be as objective as possible and be able to provide NCS with feedback on what they were doing well and where they could improve.

But, we had no idea what we might be getting into. Trucking is a tough business, and it is hard to get it right. We knew that NCS was the little player between the large Walgreens and the large CPG companies. We've been around long enough to know who would get the blame if things weren't working. And, we knew people in the shipping department were going to let us know how they felt. Were we going to get have to listen to endless complaints and accusations?

We didn't expect what we ended up finding.

5AM MANDATORY SUPPLIER MEETINGS

Sometime right around the time companies were worrying about the Y2K bug, Walgreens called a mandatory meeting for all their suppliers attending a national conference for drug store chains.

Like all good legends, the exact start time of the meeting is in some dispute. Some remembered it starting at 5AM and remember that some folks decided to stay up all night to attend rather than wake up early. Or, maybe it started at a bit more reasonable time of 6AM.

In any case, this was the first time that many of Walgreens' suppliers had heard of NCS. At this meeting, Walgreens was putting the pressure on their suppliers to ship their LTL loads through NCS. NCS would consolidate and ship into the Walgreens warehouses. The suppliers were told that NCS would have favorable rates, and that NCS would be a preferred carrier and be able to get dock door appointments with Walgreens. This was Walgreens' way of getting a better handle on the inbound LTL freight. And, this program would help the suppliers get their products on the shelf faster.



We got all this information from the question, "How long have you worked with NCS and why did you start?"

We were surprised by the sheer number of people who remember that meeting as the first time they met NCS.

The reason that the story is impressive is that the people telling it are still happy NCS customers. As we interviewed more and more companies, it became clear that people really liked working with NCS. The fact that so many people were at that meeting and still happy after more than a decade was impressive.

It is also telling that many people had brought NCS into their new companies when they switched jobs. NCS took good care of them at their previous firms, and did so again at the new firms.

In the survey, the vast majority of the customers said they were "very happy" with NCS and the remaining ones said they were happy.

Now, it is clear that Walgreens strong-armed (not forced) many of these firms to start using NCS. Walgreens needed a critical mass to make consolidation work. No matter what the feeling was for signing up for NCS, all the suppliers were happy with the service and many of them would like a similar service for other retailers.

And, for those suppliers not at the 5AM meeting, some newer suppliers claimed that Walgreens strongly recommended that they switch to NCS. The primary reason was that the supplier was doing a very poor job of delivering into Walgreens. These suppliers, like the others, were very happy once they switched. And, delivery performance improved dramatically.

In the end, we found an extremely happy customer base. We worked hard to try to find some problems with the NCS system we could report on, but had very little luck. If anything, NCS customers wanted them to expand to serve other retailers.

RETAIL-SUPPLIER COLLABORATION DONE RIGHT

So, why are NCS' customers so happy?

A theme that ran through our survey responses was that NCS helped make working with Walgreens easy.

We've all read a lot about collaboration in the supply chain. This is often easier said than done. The reason it is difficult is because you have to get all the little details right. For example, two pallets of product need to physically move 750 miles from the supplier's location to a Walgreens warehouse. A lot can go wrong in this move: the order could change, the supplier could be late, the carrier might not show up at the supplier on time, the carrier might not show up at Walgreens on time, the product could get damaged, and so on. In other words, there is a lot of variability in this simple process-- and, a lot that can ruin the best intentions of collaboration.



What we heard from the interviews was that NCS could absorb a lot of this variability. If a supplier was going to be late, they could coordinate with NCS to arrange different pick-ups or to hold a truck outbound for Walgreens for another hour. NCS could also work with Walgreens to make sure the supplier's product got to the dock door with the needed paperwork.

NCS can't remove the variability. However, by having a dedicated team for Walgreens and a strong system for taking care of the shipper, the survey showed that NCS could make sure this variability didn't impact the shippers or Walgreens. So, when you are thinking about better collaboration, it is good to have a firm like NCS playing a role in absorbing variability and making sure the little things all get done correctly.

Related to this, many of the suppliers stressed that they valued the relationship that NCS had with Walgreens. This good relationship, in turn, meant they could have a better relationship with Walgreens.

In fact, since Walgreens is only one retailer, the respondents in the survey could compare this with other retailers. At other retailers, they had trouble getting dock door appointments, they had trouble with shipments being rejected, they had problems with long lead times to get their products into the other retailers, and so on. Without NCS in the middle, the relationship was not as smooth and the shipper had to spend a lot more time worrying about all the small details.

BUSINESS VALUE

Trying to determine business value can be tough in a survey. Price negotiations are a sensitive topic and it was clear that we weren't in a position to negotiate. So, we stayed away from price, but still asked questions about the business value.

Without asking, many people claimed that NCS's total cost was less because they spent less on late fees, returned items, accessorial charges, inventory carrying cost, and so on.

A few companies mentioned the business value of getting the product into Walgreens and on the shelves faster.

But, by far, the biggest business value was the good service and consistency of getting product into Walgreens. We had many quotes like the following:

- "Once we turn over the freight, we don't have to worry about deliveries."
- "Makes servicing Walgreens much easier and offers better performance than I can do on my own"
- "We view NCS as an extension of Walgreens."

The survey also revealed that many of these suppliers would like to see NCS offer this service to other retailers. This shows that the program brings real business value and allows the supplier to focus on other aspects of the business and not worry about the small

