



Target Corporation

NTE OMS TM Improves Retailer's Ready-To-Ship process, offers enhanced visibility and supply chain control



"NTE is helping us better manage our logistics function, streamline interactions with our vendors, and better meet our service requirements"..

Steve Carter, Director Of Domestic Transportation Operations
- Target Corporation

THE COMPANY

Target Corporation is one of the nation's largest retailers with three independent, highly visible chains – Target Stores, SuperTarget, and formerly Target Greatland and is Rank #28 in Fortune 500 for 2009. Operating in its highly competitive retail space, logistics is big business for this retail giant as it sells everything from fashion to furniture to electronics to food at more than 1,740 retail outlets in 49 states. Its supply chain includes several thousand vendors, 22 distribution centers, and its core carriers and consolidators.

NTE OMS HAS HELPED TARGET CORPORATION:

- *Gain visibility*
With expanded visibility into shipments and orders, Target has better optimized its network.
- *Reduce expenses*
LTL shipments are being consolidated into TL moves. Cost overruns and scheduling issues get resolved before they occur.
- *Rate and route dynamically*
Earlier visibility into its supply chain enables Target to better take advantage of multiple transportation options and modes.
- *Measure vendor compliance*
Better information on vendor performance enables improved cost controls, better labor planning and reduced administrative work for charge-backs.

THE OPPORTUNITY

Target had a partially manual ready-to-ship process for inbound shipments. Vendors were faxing thousands of orders each week, which Target needed to sort, optimize and assign to carriers. Target's staff would manually input shipments into its proprietary vendor management system which feeds its transportation management system (TMS) for consolidation and optimization. Target was making transportation decisions with limited visibility to the shipments, which led to an excessive number of more costly less-than-truckload (LTL) moves.

To keep up with expanding business growth and marketplace demands, Target sought to get more value from its transportation network operations. In particular, it wanted to improve its load factors, reduce data entry requirements and errors, optimize routing decisions, and disseminate more timely shipment status information to everyone in its supply chain.

THE SOLUTION

Target turned to e-transportation leader NTE. in the fall of 2001 for a technology-based solution for its ready-to-ship operations. The mass retailer sought to capitalize on new Internet-based technologies to yield a more efficient way to manage its inbound transportation activities.

Target partnered with NTE to develop a technology-based solution that leveraged the retailer's existing operations and infrastructure, including its TMS system. Using NTE OMS as its core service, Target linked all of its trading partners into a centralized private trading community for automated transactions, timely communications and status reports, and highly efficient transportation management.

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NTE built a customized, password-protected Web interface, created an electronic dashboard with extensive reporting capabilities, performance graphs, and integrated the solution with Target's existing vendor and transportation management systems, and delivered online training. NTE maintains and hosts the enterprise-wide application for Target. Thousands of Target vendors now submit ready-to-ship freight information at the individual order level electronically to Target. It can then more easily and efficiently consolidate and optimize shipments into its regional distribution centers.

The private community was launched in January 2002. Target's largest vendors were added first, then it added about 500 vendors per week until the final group of vendors began participating in May 2002.

Target uses this solution to this day, in their daily operations!

THE IMPACT

Faxes within Target have become the exception, rather than the rule. Transactions and status reports are done online as Target buyers now have real-time visibility to shipments. Phone calls to Target's routing department have been reduced significantly. And Target's internal staff is now focused on higher value work. In addition, Target has been able to consolidate a significant number of LTL shipments into more cost-effective TL shipments.

While the application is expected to produce significant transportation and administrative savings, the greater value to Target comes in the form of enhanced visibility and supply chain control. By seeing all of its shipments earlier within its supply chain, Target has significant latitude in routing decisions. More specifically, NTE OMS has enabled Target to:

- Validate purchase orders before shipment, automatically enforce ship-cancel dates, and eliminate the processing of invalid orders.
- Reduce unnecessary transportation moves because of the increased certainty provided by visibility into shipments and orders across its network of trading partners.
- Dynamically rate and route all inbound collect orders. With visibility earlier in the supply chain, logistics planners now can better take advantage of multiple transportation options and modes.
- Take preventative actions to avoid, or correct, supply chain cost overruns or scheduling issues before they happen.
- Measure and monitor vendor compliance to shipping windows and schedules, yielding improved cost controls, better labor planning and reduced administrative work in areas such as vendor charge-backs, scheduling and customer service.
- Create a system that is scalable to accommodate future growth, without adding staff or making incremental system investments.

Following are comments from Target about the NTE solution:

On the value of visibility:

"By being able to see all of our shipments earlier in our supply chain, we have much more latitude with routing decisions."

On administrative and logistics savings:

"We have all but eliminated thousands of fax documents each month from our vendors, plus we have fuller trucks at lower prices."

On supply chain control:

"We now get dynamic visibility to choose many more options in building loads."

On NTE's customized approach:

"Instead of telling us what they had to offer, NTE asked what we needed, then configured a solution that made sense for Target."

On advice to others in logistics:

"Find a provider like NTE that is flexible and listens to your needs."

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