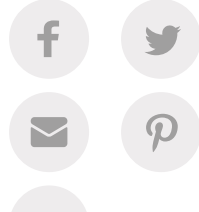


## STORIES

## Walmart Suppliers, Don't Freak About Those August Penalties, There's Still Room For On-Time Improvement

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A whole lotta Walmart suppliers are going to be freaking out if they can't deliver the goods on time. The retailer's demands for on-time deliveries keep getting tougher, and things just got tougher still for suppliers struggling to meet their delivery windows.

The retailer announced new 'must arrive by date' (MABD) thresholds, which third-party logistics (3PL) firm Prime Distribution services did a good job of explaining: As of January 1, 2017, the threshold for suppliers "would increase to 95% on-time with a one-day window (MABD only) for Grocery and Consumables and a two-day window (MABD +1 day) for General Merchandise and Softlines."

"It's Time to Panic!" now that MABD-related penalties are set to take effect, proclaimed Walmart supplier-centric education and media group 8th & Walton in its May 31 Conference Call podcast. In the sit-down, host Jarrod Davis asked Colby Beland of CaseStack for greatest OTIF misconception among suppliers. Beland replied that people don't believe OTIF was "real."

Wow. One possible reason those suppliers' believe OTIF to be unicorn-rare is that they're approaching the metric from a limited, transportation perspective. To be fair, consider the source: CaseStack is a logistics service provider that uses proprietary software for freight consolidation, transportation & warehousing. Beland's customers may not be steeped in late-stage customization to the extent that others more immersed in that world are, nor may use data-driven management tools that begin upstream of transportation and warehousing.

Specifically, 3PL firms successful in late-stage customization realize they need better tools for data-driven management in order to give each major retail customer the unique SKUs (unique packages, case configurations, displays, etc.) and the attendant accounting, production, packaging, reporting, tracking and compliance overhead.

One such company, Summit Packaging Solutions, most certainly believes OTIF is real. The agile co-packer optimized production and boosted OTIF from 80 percent to 99.7%. Similarly, ARI Packaging's strategic collaboration with Nestlé Purina Petcare, including EDI and SAP integration, reduced time-to-market to the brand's retailers by up to three days. The list of such enlightened suppliers who know that their upstream operations are critical drivers of supply chain improvements goes on and on. And these are just two of the most recent crop of literal winners—3PL and co-pack supplier recipients of Nulogy's 2017 PackStar awards.

I can't verify which Nulogy solution users sell to Walmart, but many and likely most do. These suppliers will surely get high marks on their supplier scorecards because they realize that before they ship it right—whatever "it" is—they have to make it right.

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### Daniel Strong



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Daniel has over 20 years experience dealing with complex software solutions for some of the worlds most recognizable brands. As director of CPG sales for Nulogy, he is responsible for forging meaningful relationships with large multi-channel brands to increase growth within one of the largest global supply chain markets.