

# School Supply Retailer Gives Purolator an A+ for Its Canadian Returns Solution

It was hardly surprising when school districts across Canada jumped at the chance to purchase all of their supplies — everything from pencils and paper to desks, janitorial supplies, technology hardware, and playground equipment — at a reduced cost from a single supplier. After all, two things all school districts seem to have in common are increasingly tight budgets and not enough hours in the day to accomplish everything that needs to get done.

This Wisconsin-based retailer was seemingly ahead of its time when it first rolled out the concept of a “one-stop” supply solution almost 60 years ago. At the time, the company relied on catalogs, word of mouth, and a hardworking sales force to build relationships with schools, colleges and universities, community centers, and other facilities. Customers would place orders for most everything they needed to operate their facility, and shipments would arrive a few days later.

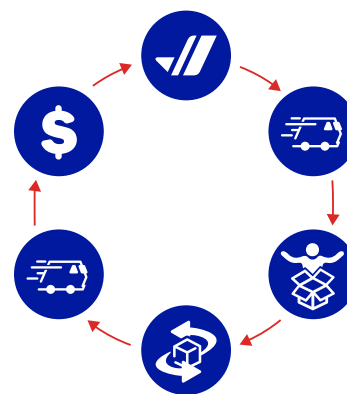
The company was rewarded for its prescience with a loyal customer base that grew annually at an impressive rate. As the years passed, the retailer became much more than simply a supplier of equipment and supplies. Instead, the retailer became a full partner in helping school districts address the changing world of education by offering professional development, curriculum insight, and the tools required for twenty-first-century education.

At the same time, the retailer made the successful transition to online retailing by introducing a world-class website that offers detailed product descriptions for each of the thousands of products in its inventory. Those products are manufactured by hundreds of suppliers, with regular shipments made to the company’s Ohio distribution center.

The one weak link in this well-executed supply chain, especially with regard to its Canadian operations, has been its inability to process returns.

Like many retailers, this company tended to view returns as a necessary cost of doing business and never gave much thought to an actual returns strategy. Instead, customer credits would be issued, or replacement items provided, while returns essentially accumulated in a warehouse.

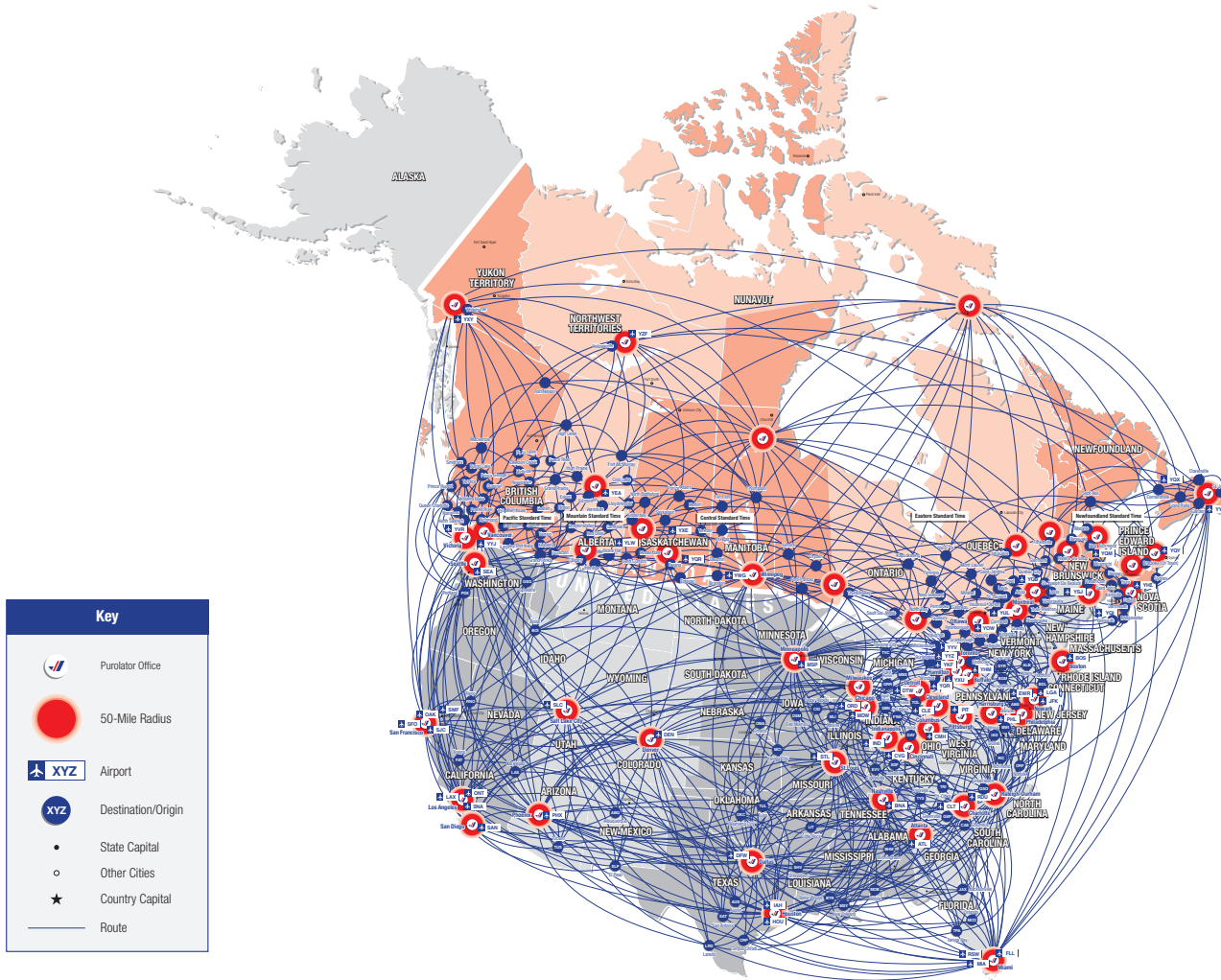
But with product returns accounting for as much as ten percent of revenue, it was clear that this “out of sight, out of mind” strategy was not sustainable. Company managers had implemented a process for addressing returns within the United States and now sought to develop a similar strategy for their Canadian returns.



This was easier said than done, though, as it soon became apparent that most logistics providers simply did not have the capacity to offer a solution for returns coming from Canada. There were many reasons for this, including lack of service, prohibitive cost, and, of course, the mandatory customs clearance process.

The company’s fortunes changed when Purolator called.

# Everything from Pencils to Furniture — Coming from Canada



Purolator International is a leading provider of logistics services for shipments moving between the United States and Canada. And as the school supply retailer was pleasantly surprised to learn, returns management — from Canada — is a core Purolator capability.

Purolator International is the U.S. subsidiary of Purolator Inc., which is Canada’s leading integrated freight, package and solutions provider. Purolator Inc. is an iconic brand across Canada, often listed among Canada’s most respected companies, and it’s red, white, and blue trucks are easily recognizable throughout the country.

Through this relationship, Purolator International has access to the largest distribution network in Canada,

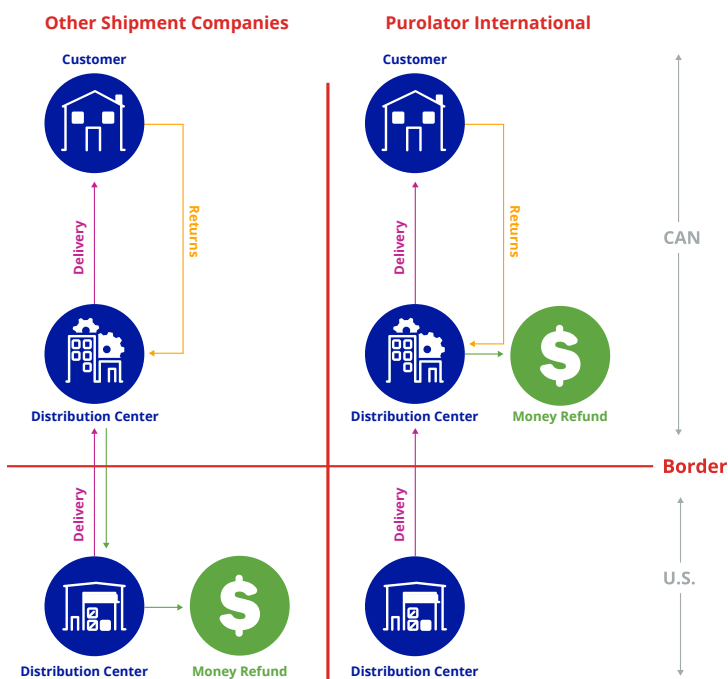
which ensures seamless delivery and access to all provinces and territories. This network also includes a large number of strategically located warehouses and distribution centers spread across Canada. No other carrier comes close to matching either the magnitude of Purolator’s distribution network or its ability to address customers’ specific issues, including the need for a Canadian returns-management solution.

Working directly with professionals in Purolator’s Chicago office, retail managers explained the unique circumstances that had stymied previous attempts to manage their Canadian returns. These concerns fell into three distinct categories:

**Diverse range of products.** The huge “soup-to-nuts” inventory that distinguishes the retailer as a single-

source supplier has proven to be somewhat of an obstacle when it comes to returns management. Product returns include everything from excess pencils and staplers to desks, chairs, and even playground equipment. While it wouldn't make sense to transport a low-value item back to the company's Ohio distribution center — incurring not only freight costs but customs-related fees — there would be a need for transporting products under warranty or undamaged products that could be returned to inventory. Clearly different options would need to be available for addressing different types of products.

**Broad range of returns remedies.** The company also faced the challenge of providing fast and complete satisfaction to customers, regardless of the reason for the return. This included having a process in place to send a replacement product, quickly issue a refund or credit, or send a warranty product back to its manufacturer for repair.



Customers can get their credit within 1-2 days, instead of 5-7 days if they're shipping back to a facility in the U.S.

**High number of undelivered shipments.**

Another consideration was the fact that not every product sitting in the company's Canadian returns pile was, in fact, a return. As it turns out, shipments to schools sometimes arrive after hours, or during vacation periods, when buildings are locked. Unless a delivery person is able to locate a member of the cleaning staff, a late-working teacher or an administrator, the package will be returned and marked as "undeliverable."

In addition, the returns pile can contain shipments with incorrect addresses or with individuals listed as recipients who are no longer employed in that district and unknown to current staff. While a more customer-oriented logistics company might have gone the extra step to identify the correct address, or validate the correct recipient, the retailer learned that these shipments were, in fact, ending up marked as returns.

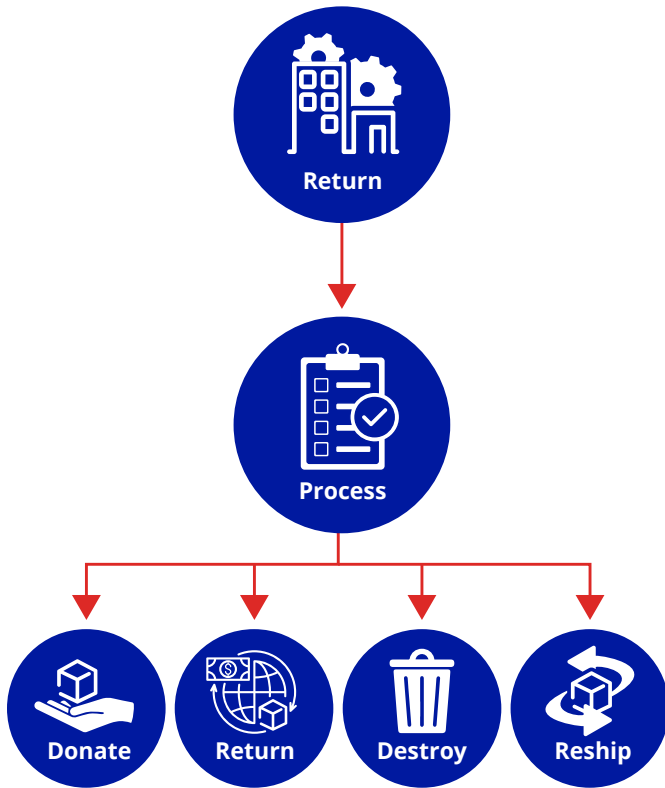
These factors combined to create what quickly became an untenable situation. The retailer had assumed — incorrectly — that its inbound logistics provider, which managed the flow of goods into Canada, would be able to offer a solution for transporting returns back to its Ohio facility.

It turns out that this inability was a blessing in disguise. That's because Purolator was able to provide a solution that exceeded the retailer's expectations with returns management capabilities that are unmatched by any other logistics provider.

**Purolator Solution: Highly Flexible, Diverse Options, and Cost Efficient**

After meeting with representatives from the school supply retailer, Purolator's team went to work to develop a detailed returns management solution that not only addressed each of the retailer's concerns but added flexibility along with full visibility and transparency.

As Purolator's team considered the retailer's diverse returns management needs, four key tenets became clear:



- ▶ The retailer needed a better understanding of what was being returned.
- ▶ Not every return needed to come back to the United States.
- ▶ Technology would enable a highly flexible solution and provide a high degree of customer visibility.
- ▶ Purolator had the capabilities and tools to build an ideal solution.

### First Step — Returns Material Authorization

- ▶ The returns process begins with notification from a school or other customer that a product needs to be returned. Purolator's customer service agent issues a Returns Material Authorization (RMA) and emails documentation and labels with the RMA number embedded in a bar code to the customer.

### Centralized Returns Facility in Ontario

- ▶ All RMA-labelled returns are delivered to Purolator's Ontario-based returns processing center. This facility, located near the border, provides dedicated space to accommodate the retailer's returns and serves as "command central" in managing the process.
- ▶ First, each carton is opened, and Purolator representatives evaluate the contents. Shipment contents are matched against the RMA-based record to ensure products contained in the carton are consistent with what the customer indicated was going to be returned. This is an important step because, perhaps unique to schools, a large number of shipments arrive in Ontario with "unexpected" products packed alongside the products being returned.

Should additional products or products different from those listed on the RMA be found in the carton, Purolator will contact the retailer for instructions. Based on the retailer's preferences, those "extra" items may be returned to the school or disposed of in some agreed-upon manner.

### Four Options for Processing Returns

Once shipment contents have been validated, Purolator's team will determine the best course for each product. Purolator will communicate with the retailer, review its recommendations, and then pursue one of the following remedies:

1. **Redelivery.** Products that appear to have been returned because of a bad address, or because multiple delivery attempts were unsuccessful, can be sent back out for redelivery. In such instances, a Purolator agent will call the intended recipient either to determine the correct address or establish a preferred delivery time.
2. **Return to the United States.** Products that need to be returned to the United States range from undamaged returns that can be returned to inventory, to warranty repairs ultimately destined for a U.S. repair center or, to excess inventory going back to a manufacturer. Regardless of the reason, all U.S.-bound products are shipped back

to the retailer's Ohio processing center based on the retailer's preferred frequency. Purolator's solution includes a few extra steps that ensure efficiency:

- a. **Consolidation.** Shipments are held in the Ontario processing center and consolidated into a single larger shipment. Through the consolidation process, the larger shipment is able to qualify for a reduced freight rate and can pass through customs as a single entry.
  - b. **Customs clearance.** In addition to passing through customs as a single entry, Purolator ensures that product returns take advantage of all returns-related efficiencies offered by the Canadian and U.S. governments. This includes ensuring that required paperwork is completed and clearly indicates shipments consist of unadulterated product returns, which are generally exempt from "double-clearance," including additional duties.
3. **Donation.** In some instances, such as the previously mentioned pencils and staplers, the value of a shipment may simply not warrant sending a product back to the United States. Instead, a more beneficial solution might be to donate these undamaged goods to a local charity.
  4. **Destroy in the field.** For products that are damaged, expired, or obsolete and cannot be repaired or returned to inventory, Purolator will oversee their safe destruction and disposal. This decision will be made in conjunction with the retailer. In addition, the retailer will be provided with a list of all refunds/credits that need to be issued to customers whose products have been destroyed.

Through these four options, Purolator is able to offer an ideal solution based on the circumstances of each return. By accommodating each type of return, Purolator's solution ensures that all returns will be addressed. This avoids instances of damaged or unclaimed returns piling up in the warehouse, taking up space and needlessly incurring expenses.

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## Technology Is Vital to Purolator's Solution

Purolator has long-embraced the importance of technology in the logistics process. For many years, Purolator has focused on developing and continuously improving a platform that Purolator was a pioneer in building an integrated platform that allowed customers' data to seamlessly sync with Purolator's processing system. Since then, Purolator continues to prioritize technology as a way to continually raise the bar in terms of delivering new solutions.

In this solution, technology plays a leading role by allowing critical functions, including:

- ▶ RMA technology that assigns a unique code to each return
- ▶ Bar-code scanning that allows for validation of shipment contents
- ▶ Label generation
- ▶ Completion and electronic filing of customs documentation
- ▶ Generation of critical documents, including bills of lading and commercial invoices
- ▶ Records management
- ▶ 24/7 tracking and visibility

## Customer Service — Purolator's Unique Advantage

As pleased as the retailer has been by Purolator's comprehensive returns management solution, it has been thrilled by Purolator's high levels of customer service.

The customer received very "hands-on" attention during the preliminary phases of its relationship with Purolator but assumed that would fade away once the solution was up and running. In fact, the opposite has proven to be true — customer service levels have actually increased!

Once the retailer signed on with Purolator, it was pleased to learn that a "client relations representative" (CRR) would be assigned to monitor the account and provide ongoing support. Among other things, the CRR serves as a troubleshooter, often dealing with snafus and making adjustments before the retailer is even aware that something is amiss. In addition, the CRR will sometimes contact the retailer with a new idea for improving efficiency.

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## Looking Ahead — Purolator Will Also Handle Inbound Shipments

The school supply retailer has been impressed by Purolator's capabilities in the Canadian market and thrilled by its high levels of innovation and service.

Soon after initiating its Canadian returns management solution, the retailer came to realize that Purolator could also add efficiency to its inbound shipping processes. The retailer was especially awed by Purolator's ability to have shipments arrive in

Canada significantly faster — sometimes days faster — than its competitors. Plans are in the works to onboard Purolator to handle all Canada-bound shipping, which of course will be a nice complement to its successful returns management strategy.