



FAMILY DOLLAR®

CASE STUDY



The Transportation Logistics Company

Family Dollar (NYSE: FDO) is one of the fastest growing discount store chains in the United States. With more than 5,200 stores in 43 states from Maine to Arizona and 45 years of experience, Family Dollar is focused on helping value-conscious families meet their basic shopping needs. The company specializes in offering quality, low-cost merchandise.

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— **Nelson Haynes**, director of transportation

THE PROBLEM

Family Dollar's logistics and transportation division runs at top speed to keep up with the company's rapid growth. In a typical month, Family Dollar delivers 18 million cartons of goods to its stores system-wide. All the routing and strategic planning is done at the corporate office, but Family Dollar partners with dedicated service providers at each of its seven fully automated distribution centers.

At the Front Royal, Va., distribution center, Family Dollar faced several challenges. In addition to rapid expansion of stores in that region, the company needed a major carrier with highly skilled, professional drivers to ensure its floor-loaded, multi-stop, driver-peddled freight arrived on time, particularly at stores in the major metro areas of the Northeast. As Family Dollar had learned, many carriers do not have drivers trained and willing to unload every box by hand. In addition, drivers must know how to maneuver safely in narrow delivery areas common to strip shopping centers. Dealing with metro traffic congestion is another challenge for all but the best drivers.

THE SOLUTION

J.B. Hunt Dedicated Contract Services (DCS) was the answer for Family Dollar and was awarded a Front Royal dedicated carrier contract in April 2001. As a result of an excellent start-up and commitment to continuous performance improvement, J.B. Hunt DCS grew to be the primary dedicated carrier at Front Royal and was also awarded a contract for Family Dollar's distribution center in Odessa, Texas, in July 2003. The accounts have grown steadily to a combined total of more than 110 tractors and drivers. Today J.B. Hunt DCS handles approximately 12,000 routes annually for the two distribution centers. "We were looking for a major player to help us," said Nelson Haynes, director of transportation for Family Dollar. "We knew J.B. Hunt was one of the top carriers and we wanted to work with them. They came in and did a very good job of listening to us and seeking to understand our business. Only then did they design their programs to meet our specific needs."

THE RESULTS

Using its proprietary Customer Value Delivery™ methodology, J.B. Hunt put into place the right people, systems and equipment to achieve the goals of the account. The dedicated provider has added value to its customer in a number of measurable ways.

Start-up success – Haynes describes the Front Royal launch with J.B. Hunt as "the best new carrier start-up we have ever had." Again, Haynes credits the carrier's management team with starting off by understanding the Family Dollar business and then delivering consistent results. Since Odessa was a new DC, having a proven performer in place from the start was critical to minimizing problems. "They have executed exactly the way we wanted them to," added Haynes. "This is one of the top two performing DCs in our system for on-time deliveries."

Operational excellence – The programs at Front Royal and Odessa work so well because they were designed to meet Family Dollar's specific needs at each location. A team of J.B. Hunt operations and safety managers attended Family Dollar's driver orientation, gleaned critical information to help design programs addressing the challenges of each location. Since boxes are unloaded by hand onto rollers, J.B. Hunt taught drivers how to handle freight without injury and to be aware of the potential for falling boxes. The training has kept worker's comp claims well below budget. In addition, drivers received specialized training to prepare them for very narrow delivery sites and atypical delivery times in metro areas.

Responsiveness – Since drivers at both locations call on the same stores every week, a unique relationship between J.B. Hunt and the stores has developed. "They have great on-site people who understand our stores' challenges and try to resolve them any way they can. The drivers also represent the DC, so it's important to have drivers who can empathize and communicate effectively with the stores, too," said Haynes.

Surge capacity – As with most retailers, Family Dollar experiences surge during peak sales periods throughout the year. It is not uncommon at Front Royal or Odessa for J.B. Hunt to tap into its large integrated network and pull cross-trained drivers in from other accounts. By utilizing its capacity effectively, J.B. Hunt can help Family Dollar meet surge delivery needs at both DCs.

Partnership – J.B. Hunt's consistent performance for Family Dollar has helped it earn more opportunities to partner with the retailer. Beyond dedicated services, J.B. Hunt's integrated network includes Truck and Intermodal divisions, which are now handling some Family Dollar business. "We took the time to do things right from the beginning and earn their trust," said Nick Hobbs, senior vice president of operations for J.B. Hunt DCS. "It's resulted in a great partnership."

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