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For many companies, the big imperative in doing business through the 2008-2009 downturn was little more than survival. That's hard to argue with, of course, when survival is really at stake, but we've all seen the toll that has taken in frayed relationships in supply chains.

It takes something more to look at a collapsing economy and crumbling markets and look ahead, to imagine not only business after a deep recession but to reshape operations to better match long-term goals and to manage vendor and supplier relationships with an eye on better days.



So it was refreshing last week to hear Joshua Dolan, director of global logistics and customs compliance at auto parts retailer Pep Boys, talk about how that company sought to manage its supply chain through the recession not toward meeting the minimal goals, but to make the retailer's operations better, as he put it, in good times and bad.

That meant looking internally, of course, to make distribution operations more efficient, an effort just about every shipper undertook to reduce costs and conserve cash. But it also meant setting up new supply chain strategies and the relationships to go along with them.

"We were stressing partnerships in 2008 and 2009 when everyone was setting aside partnerships," Dolan told the annual SMC3 Jump Start 2012 winter meeting in Atlanta.

"We used it to have a better understanding of what we are doing as a shipper, what we are doing right and what are the opportunities that can help us do things better," he said. "What we're trying to develop is a sustainable solution in good times and bad times."

Sustainable supply chains are underpinned, he said, by solid relationships built on mutual

understanding and respect for each other's goals. In transportation, of course, those relationships often are measured by rates, and Dolan said that although he tracks rates closely to ensure his costs are competitive in the market, he is not trying to wring profits for Pep Boys at the expense of its vendors.

"Carriers were driving themselves into unsustainable positions just to stay afloat," he said of pricing in the downturn. "What does it matter if you have good rates if you don't have the carriers to move the goods?"

That capacity now is part of the bigger concern shippers face in the U.S. as risk-averse trucking companies keep trailer fleets lean and difficulties grow in finding drivers.

Dolan said the logistics operation at Pep Boys kept that in mind as the economy swooned in 2008 and then crawled back to life.

That's meant working closely with provider National Retail Systems to improve the efficiency of the dedicated fleet NRS operates for Pep Boys, extending those truck runs to drayage and seeking backhaul opportunities with vendors. The result is that some 94 percent of the company's backhaul now is filled, and 46 percent of inbound vendors are handled as backhaul. Another 68 percent of Pep Boys' drayage is handled with its own trucks, equipment that would have been sitting idle in a segmented operation.

Business is, in fact, better. Pep Boys had a \$33.3 million net profit in the first nine months of 2011, about 18 percent better than the year before.

Dolan's goal is to make sure supply chain contribution doesn't waver, even if the economy does.

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