

# Sterling Transportation Management System saves Tractor Supply \$500,000 per year



#### Location

Brentwood, TN

#### Industry

Retail

#### Revenues

Net sales: \$2.4 billion in 2006

#### Business challenge

Bring outsourced transportation functions in-house, gain control of inbound freight and improve visibility

#### Solution

Sterling Transportation Management™ System

#### Benefits

- Decreased overall costs: net transportation savings is \$500,000 per year
- Improved productivity of transportation planning staff, who now handle 80% more shipments with the same number of people
- Reduced lead time and transit time, leading to improved customer service and a reduction in safety stock
- Improved visibility and reliability, which also increased customer service levels
- Shortened payment time to carriers from 60 days to 30-35
- Improved accrual accuracy

## Tractor Supply Company

#### Customer background

Tractor Supply Company is the largest retail farm and ranch store chain in the United States. The company operates more than 710 retail stores in 37 states and one Canadian province, employs more than 10,000 team members and is headquartered in Brentwood, Tennessee.

#### Business challenge

Before Tractor Supply implemented the Sterling Transportation Management System, the company's transportation function was managed by a third-party logistics provider. The process was inflexible and laden with shortcomings, including slow manual communication with vendors and carriers. Reliability was another issue because the provider's system didn't offer visibility, which meant Tractor Supply wasn't able to track orders.

#### Solution

Sterling Transportation Management System gives Tractor Supply on demand, Web-based access to a collaborative logistics network, along with tools to automate the entire transportation management process, making it more efficient and cost effective. Since the implementation, the company has experienced a net transportation savings of \$500,000 per year.

Mike Buttarazzi, Director of Transportation for Tractor Supply, said another benefit is visibility. "Everyone is finally seeing the same information at the same time, unlike before when people passed along faxes or e-mails and then waited for a response."

"When we first implemented the Sterling Commerce solution, we had 450 stores. Today we have 720 stores, so we're moving a lot more volume (80% more shipments) but with the same number of

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*“There was a lot of wasted time, effort and money before we implemented Sterling Transportation Management System.”*

Mike Buttarazzi  
Director of Transportation,  
Tractor Supply Company

people. We’re getting better visibility and saving money.”

Storage costs have also decreased.

Before, Tractor Supply had no inbound shipment visibility, so the company often experienced bottlenecks at its distribution centers. Now the company manages container flow through Sterling Transportation Management System and Buttarazzi and his colleagues know exactly where all shipments are at any given time. “We cut our storage costs in half because of improved visibility,” he added.

One key performance indicator the company likes to measure is the time it takes from a vendor calling in a load to when Tractor Supply picks it up. “Since we implemented the Sterling Commerce solution, we’ve been able to measure that function,” he said. He continued, “By inspecting what we expect, we have been able to reduce pickup lead time to one day. This has translated into reduced safety stock in the system.”

### **Key benefits**

#### **Reduced costs**

Since the implementation of Sterling Transportation Management System, Tractor Supply has experienced a net transportation savings of \$500,000 each year.

#### **Increased productivity**

Now the company handles 80% more shipments, with the same size staff.

#### **Improved service levels**

Lead time and transit time have decreased and are more consistent, which means Tractor Supply can plan inventory better and reduce safety stock levels. Any anomalies appear on exception reports and are rectified immediately.

#### **Improved freight payment**

Before the Sterling Commerce solution, carriers were paid within 60 days. Now they are paid within 30-35 days, which has made Tractor Supply Company a valued partner.

#### **Improved accrual accuracy**

Sterling Transportation Management System enables Tractor Supply to accrue for activity as it happens, in real-time. Before, the company didn’t have an accurate forecast of spending until invoices arrived.

#### **Better functionality**

Tractor Supply has reduced both lead and transit times through exception reports provided by Sterling Commerce. Before implementation, 90% of product was picked up within three days. Now it’s 99%.

### **About Sterling Commerce**

Sterling Commerce, an AT&T Inc. (NYSE:T) company, helps companies optimize and transform their Business Collaboration Network quickly, easily and securely so they can accelerate revenues, reduce costs and protect their enterprise. Sterling Commerce provides more than 30,000 customers worldwide with applications and integration solutions to connect, communicate and collaborate with their customers, partners and suppliers. Learn more at [www.sterlingcommerce.com](http://www.sterlingcommerce.com).

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