



CASE STUDY



CANADIAN TIRE

#1 IN CANADIAN FLEET OUTSOURCING



THE CLIENT

Canadian Tire Corporation (TSX: CTC) is a proud Canadian retail company with stores in communities from coast to coast. The company sells automotive, living, and recreational products, apparel, and financial services. One of the country's most trusted brands, Canadian Tire has over 450 bricks-and-mortar stores as well as an online e-commerce site, and is headquartered in Toronto, Ontario.

THE OPPORTUNITY

As a top home, garden and automotive retailer, the company is faced with significant seasonal volume surges during the spring (the beginning of gardening season, and prime time for household maintenance and repair), the fall (for clean-up and winterizing), and Christmas. These volume spikes present a big transportation challenge: how to deliver enough product to stores during peak seasons, without creating an inefficient and costly supply model. "When it snows, our stores need shovels—and fast. When nice weather hits in the spring, customers rush to the stores and we need gardening products—and fast," says Neil McKenna, Vice President, Transportation at Canadian Tire Retail.

The company must prepare for high-volume demand, but if it acquires trucks and hires drivers to satisfy these peak requirements, it will be paying for a surplus of equipment and staff during the off-season.

To find a solution to their seasonality challenge, Canadian Tire partnered with Canada Cartage. Canada Cartage is Canada's largest provider of outsourced dedicated fleets. The company uses a unique hub-and-spoke model, in which customer-dedicated trucks reside on-site at customer locations—the "spokes". These customer-dedicated fleets are supported by a large fleet of non-dedicated trucks and a pool of trained drivers at a Canada Cartage terminal—the "hub". The company uses this model at locations across Canada in Vancouver, Edmonton, Calgary, Regina, Winnipeg, London, Mississauga, Oshawa, and Montreal.





THE SOLUTION

Canada Cartage is uniquely positioned to the needs of a high-volume retailer like Canadian Tire. Canada Cartage provides them with two base services: Distribution Centre (DC)-to-store deliveries in urban areas, and DC-to-store highway work with longer haul requirements. On an average day, Canada Cartage has approximately 110 drivers and trucks performing deliveries to retail stores.

However, during peak seasons, Canada Cartage has the capacity to surge up to 160 drivers and tractors with only 24 hours notice, which ensures that Canadian Tire can get products to their customers when they need them.

Canada Cartage employees are fully trained before they work on-site at Canadian Tire facilities. Every driver goes through a detailed two-day orientation training and safety session, followed by a two-day drive-along with a more experienced driver. An organization-wide mentoring system allows for personalized job coaching, which helps them pass their safety training and meet all qualifications.

THE IMPACT

“What makes us successful is that it’s not a traditional customer-vendor relationship,” says Jim Latimer, Vice President at Canada Cartage. “We’ve been working hand-in-hand with Canadian Tire for over 45 years. With open lines of communication, we’ve created a strong partnership, and are an integrated part of their supply chain.”

- By leveraging Canada Cartage’s resources and expertise, Canadian Tire has improved their business in three key ways:
- Increased sales and higher customer satisfaction by having product on the shelves during peak periods
- Cost efficiencies associated with a right-sized fleet that is appropriate for seasonal fluctuations
- Reduced management time and cost by outsourcing a large portion of their fleet and driver requirements

