



CASE STUDY

Hercules Transforms Performance of Fortune 500 Electronics Manufacturer's US-Canada Shipments

For a global Fortune 500 electronics manufacturer, delivering products to its retail customers on time and undamaged is critical. Accomplishing this can be challenging when shipping fragile goods cross-border from the U.S. to Canada—so having the right carrier partner is essential.

After merging its U.S. and Canadian operations in 2016, the company decided to serve all of North America from a single distribution center (DC) in Southern California. To support this distribution model, they needed a cross-border carrier with the ability to service all of Canada out of Southern California, with low claims due to the value of its products, and the ability to consistently deliver loads on time.

“The border crossing is probably the most critical component of shipments coming into Canada”, said the manufacturer’s logistics manager. “Everything comes out of Southern California and we have customers in nearly every province, so it’s critical this part of the supply chain runs smoothly.”

COMPANY NAME

Fortune 500 electronics manufacturer

COMPANY PROFILE

The company ships loads of fragile, high-value electronics into Canada daily from DCs in Southern California and Chicago.

INDUSTRY

Electronics

SHIPPING LANES

North America, including cross-border to Mexico and Canada

Creating Fast, Seamless Cross-border Shipping

After evaluating a wide range of carriers, the electronics manufacturer decided to split its volume between Hercules and a well-known, large national carrier. While this split approach enabled them to service Canada from the California DC, different approaches to transporting freight led to very different results.

While traditional LTL carriers pass through multiple breakbulk terminals on the way to a major destination, Hercules' "no breakbulk" structure allows for nonstop shipments, resulting in faster transit times and reducing opportunities for damage by reducing the number of times freight is handled.

"The national carrier had a traditional breakbulk model of moving freight across the country where it stopped at several terminals along the way," said the logistics manager. "Hercules' 'no breakbulk' provided nonstop shipping that's ideal for us and any other businesses shipping products that are highly damageable or sensitive to transit time."

After a few years, Hercules was performing well while the national carrier was not. This led to the manufacturer deciding to give all its Canadian cross-border business to Hercules. The partnership expanded to include Hercules handling shipments of digital imaging products (cameras, lenses, accessories, etc.) from a new DC in Chicago to Canada. Hercules also began managing inbound TV shipments out of Mexico.

The company brings LTL shipments of TVs to Hercules' Vernon, CA terminal, where they are consolidated before being distributed into Canada and the Eastern U.S.

Hercules also has a lumber onsite at the company's warehouse to count and sign for cartons before they ship or take possession of freight. "We don't like to ship anything by pallet count or 'said to contain' statements. We like to ship and receive by carton count. We get a lot of pushback from LTL carriers when we try to propose this, but Hercules was able to customize their approach to meet our needs," said the logistics manager.

He added, "Compliance is important when it comes to cross-border shipping. Infractions can lead to fines and shipments being stopped more frequently for inspections. Having clean import-export processes may not seem like a big deal, but in actuality, it's a very big deal, especially when shipping large volumes of products into Canada on a daily basis."

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Driving Performance Improvements for the Electronics Manufacturer

Hercules now transports daily shipments for the electronics manufacturer and manages several inbound trailers from Mexico each week. The partnership has resulted in significant performance improvement in several key areas:

Faster transit times

Hercules' no breakbulk structure reduced transit times and the company can deliver loads to customers anywhere in Canada from its Southern California DC in between 1 and 4 days.

Lane	Average Days
Los Angeles-Quebec	4.7
Los Angeles-Ontario	3.8
Los Angeles-Illinois	3.3
Los Angeles-Texas	3.2
Los Angeles-Alberta	2.5
Los Angeles-British Columbia	2
Chicago-Ontario	1.3

Better on-time delivery

Faster, more consistent transit times have allowed for better planning and helped ensure better on-time delivery to customers across Canada and the U.S.

Fewer claims

Less freight handling as a result of Hercules' no breakbulk approach has helped the manufacturer reduce claims due to damaged products.

Improved customer satisfaction

More consistent on-time delivery and less product damage has improved overall customer satisfaction while reducing fines associated with late deliveries.

"When shipments are late you are fined by customers—often \$250 to \$1,500—for noncompliance, so there's a financial impact to slow or inconsistent transit times. Hercules knows our needs and expectations and delivers." said the logistics manager.

He added, "With Hercules, you get what you pay for. The service will be reliable, consistent and transparent. The supply chain can be volatile and very demanding, so we need a quality carrier we can rely on. There are a lot of LTL carriers out there with salesmen who will promise you the world, but when it is time to actually execute, they can't deliver. With Hercules, what they say is what you get."

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