



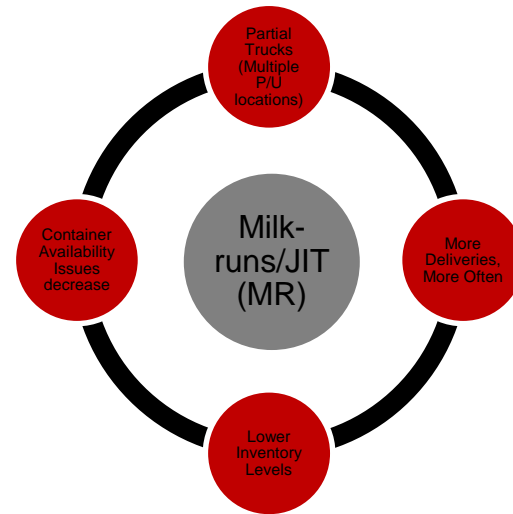
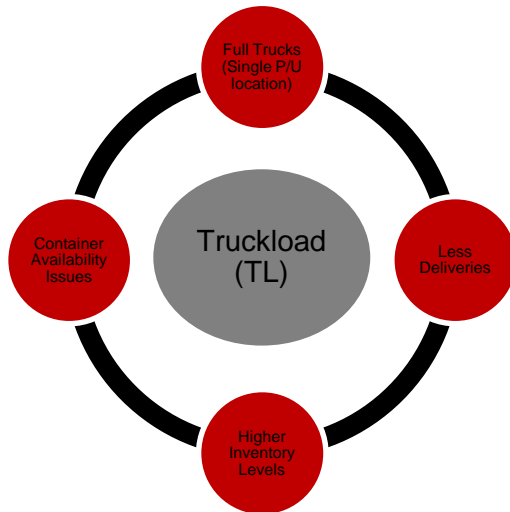
# Freight Optimization

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- Tower's Freight Optimization expectation helps to manage release requirements to ensure maximum use of transportation while supporting inventory level standards at our locations.
- When Freight Optimization is executed properly it can prevent:
  - Underutilized trailer space
  - Cube-outs for uneven requirements
  - Excess inventory due to frequency of pick-ups
  - Rack return deficiency
- Space is limited and our facilities do not allow space for overflow. Extra inventory can result in:
  - Unsafe working conditions
  - Potential obsolescence
  - Loss of material (fluctuations to supplier releases due to “cycle” ups and downs)
  - Potential for unnecessary expedites
- Analysis is conducted throughout the life of parts to determine which transportation method best fits. Areas such as the following are considering:
  - Size/fleet of containers
  - Volume
  - Geography (supplier to Tower, supplier to other suppliers, etc)
  - Transit Time
  - Federal guidelines (DOT, Safety, FMCSA, etc.)
  - Density of parts/container

# Truckload (TL) vs. Milk-runs/JIT (MR)



# Truckload (TL) Suppliers

- A truckload (TL) supplier is defined as a supplier that has a dedicated trailer, and is not shipping on trailer combined with other suppliers' freight.



# Guidelines for Truckload (TL) Suppliers

- Suppliers must ensure that empty containers returned to them are unloaded before loading freight.
- Suppliers are responsible for communicating any packaging changes (std pack, container) PRIOR to shipping. If secondary packaging must be utilized the supplier must communicate to the Tower Business Unit BEFORE using these containers.
- If the supplier has one shipment per day, or < one shipment/day (2x/week 1x/month, etc), then the supplier should:
  - Ship complete all requirements until the next scheduled pick-up (per Routing & Window Time Assignments Form, or direct communication from the plant)
  - If there is room on the trailer, pull parts from no further than the 3<sup>rd</sup> ship day in the future (today + 2 ship days).
- If the supplier ships multiple times/day, then the supplier should:
  - Pull all requirements from the current window.
    - If releases for multiple shipments are lumped into one qty, then the supplier should ship even in mix between the scheduled shipments/windows for the day. Simply put, divide the requirements by the number of shipments/windows scheduled for the day. Round up to the std. pack. If space is available after completing those requirements, then the supplier should pull ahead from the next window. This should be repeated until the trailer is full, pulling no further ahead than the 3<sup>rd</sup> ship day in the future (today + 2 days).
    - If releases are divided into window time requirements (after conversion to “862” format), then the supplier should fulfill the requirements for that window. If space is available after completing those requirements, then the supplier should pull ahead from the next window. This should be repeated until the trailer is full, pulling no further ahead than the 3<sup>rd</sup> ship day in the future (today + 2 days).
  - Ensure that all parts have been shipped for the current day by window.
  - Note: If parts are unavailable and thus preventing the supplier from shipping in even mix on each truck, then the supplier must notify the Tower Business Unit. The supplier is responsible for expediting at their expense when requirements cannot ship complete. Tower-paid transportation cannot be used during a behind schedule status, and/or if parts are unavailable for the “ship in even mix” rule.

# Milkrun (MR) Suppliers

- A milkrun (MR) supplier is defined as a supplier that ships on a trailer combined with other suppliers' freight.



# Guidelines for Milkrun (MR) Suppliers

- Suppliers must ensure that empty containers returned to them are unloaded before loading freight.
- Suppliers are responsible for communicating any packaging changes (std pack, container) PRIOR to shipping. If secondary packaging must be utilized the supplier must communicate to the Tower Business Unit BEFORE using these containers.
- Suppliers must ensure they understand the Routing & Window Time Assignments Form and their order of pick-up (or delivery) within that lane.
- If you are a milk-run supplier and share a truck with other suppliers, you are authorized to only ship release requirements for that day and/or window time only. Do not pull ahead. Tower will not authorize freight charges for cube-outs as a result of a supplier pulling ahead. Note: this also applies to situations where a supplier pulls ahead and affects the shipping ability of a subsequent supplier. The supplier who overshipped will be responsible for the premium freight.
- When loading a trailer, the supplier should ensure the following occurs:
  - If you are the first stop of the lane, ensure that ALL empty containers are unloaded before loading your freight. This rule applies even if the empty containers do NOT belong to you. They may belong to another supplier on the milkrun. Those containers need to be reloaded onto the trailer AFTER your freight is loaded.
  - Each supplier on that lane will follow the same process until the containers arrive at their destination.
  - If you are NOT the LAST stop of the lane, then you must ensure that your freight is CONDENSED to make room for the suppliers following you on the milkrun. Do NOT spread your freight throughout the trailer as subsequent suppliers will not touch your freight. The carrier has a copy of the Routing & Window Time Assignments Form and understands if there is another pick-up after yours. If the carrier refuses to allow you to condense your material, then the Tower Business Unit must be contacted BEFORE the carrier leaves your facility.
  - If you ARE the LAST stop of the lane and are unable to ship complete (due to weight or space availability) then you MUST communicate to the Tower Business Unit BEFORE loading freight, and before letting the carrier leave your facility. The Tower Business Unit will determine the priority of the requirements, and whether another truck is required.
- If a supplier identifies that ZERO product is available then that supplier should contact the Tower Business Unit BEFORE the carrier attempts to pick-up. If a dry-run charge is applied to the lane, then the supplier will be subject to the charges.

- Tower's 3PL, BluJay Solutions, will continue to auto-schedule trucks based on the weights/measures required from the release.
- The supplier must contact the Tower Business Unit when extra transportation is needed to pull ahead requirements, and/or cancel transportation (usually at the end of the week). Direction will be provided.
  - If necessary, the Tower Business Unit will contact BluJay Solutions and make arrangements.
  - BluJay Solutions is aware that from time-to-time the supplier will need one extra truckload in a given week due to inventory levels and schedule changes to the current release, however we fully expect the supplier to request a cancellation when possible.
- Any requirements not shipped on time to protect the plant delivery date (the date on the release) will need to be expedited at the supplier's expense.
- Any transportation not canceled because product is unavailable (regardless of the reason) will result in a Delivery Report (DR), with charge-back, for the extended costs (plus resource/admin fees, if necessary).