

ATD: Supply chain thrives in 'flexible ecosystem'

Business

Huntersville, N.C.

It's just not your father's supply chain anymore.

Today, the supply chain that begins on a rubber plantation in Southeast Asia, eventually moves to a tire manufacturing plant somewhere across the globe and finally ends on the wheels of a consumer vehicle has become more complex — and analytical — than ever before.

According to Bill Hancock, senior vice president, supply chain operations at American Tire Distributors Inc. (ATD), today's supply chain works best as a "flexible ecosystem," one in which every stakeholder understands the role each needs to play and the insights they can share in order to create a successful ecosystem.

Mr. Hancock said ATD, North America's largest tire distributor, sees itself as a full-service, end-to-end supply chain solutions provider.

A big part of that, he said, is working with ATD's manufacturing partners in order to ensure "they have right demand signals, the right forecast in place, the right visibility that pulls them all the way down to the consumers on what types of product they need to manufacture, and what quantity and where to have it."

ATD's advanced analytics platform, he said, helps to provide deeper levels of insights for manufacturers, "so that they can confidently produce what they need to be successful."

The advanced analytics platform, he said, helps ATD understand the level and type of inventory needed at its 140 distribution centers and mixing warehouses across North America.

"How do we leverage our hub-and-spoke setup, our national assortment setup to make sure that our customers ultimately get what they want?" Mr. Hancock said. "That demand-planning framework is important for both the manufacturer and our customers, because some of our customers have very unique needs. So we're able to leverage an information-sharing agreement across all of those areas to provide the right visibility and availability."

A new link in the supply chain has become increasingly important, according to Mr. Hancock: the direct-to-consumer piece. It continues to grow as e-commerce becomes the routine rather than the exception.

ATD's ship-to-home program provides services for all major players selling tires online, according to Mr. Hancock.

"If you purchase tires online, there's a really good chance that it came through our network," he said. "And when you look at our network, we can provide things that are difficult for others to provide, just based on the number of DCs that we have and where they are located."

He said many of the e-commerce and brick-and-mortar customers are the same.

"We can provide same-day delivery options and next-day delivery options at price point that is really compelling for those e-commerce providers."

Mr. Hancock said add-on services, such as ATD Express — including partnerships with couriers, on-demand providers and other partial carriers — allows the tire wholesaler "to provide the right level of service and meet those needs" while ensuring it has the capacity required to service larger customers.

Stock levels increase

Capacity has become even more critical in the wake of the COVID-19 pandemic.

There has been some inventory shortages, he said, particularly with light truck tire products. As manufacturers continue to ramp up capacity, he said, stock levels are beginning to increase.

"We're leveraging our advanced analytics platform with good insights into what the demand looks like and providing those very clear demand signals to our manufacturing partners so that they know exactly what they need to produce and very quickly get back in stock," Mr. Hancock said.

Once the pandemic hit, Mr. Hancock said ATD took several decisive steps in order to ensure the safety of its employees and customers.

One of the most successful, he said, is zero-contact delivery that is part of a technology the tire wholesaler rolled out late last year: Traction.

The proprietary mobile delivery app allows customers, for example, to set up delivery alerts and alter the size and/or quantity of a transaction. ATD, meanwhile, can apply credits and process warranties and/or returns seamlessly.

"It's a very user-friendly experience at that point of delivery," Mr. Hancock said. "And that's on top of being able to support that zero- contact interface for the customer."

Mr. Hancock said ATD still can provide proof of delivery for customers, "but still give them all of the insights and information customization that they're looking for."

Mr. Hancock said ATD has implemented several other provisions as directed by the Centers for Disease Control and Prevention (CDC), including

- Deep cleaning buildings and trucks when an occurrence or diagnosis of COVID-19 becomes known;
- Contacting associates and customers who may have come into contact with an individual who has contracted the disease;
- Changing the way teams interact with each other inside the buildings, including social distancing; and
- Requiring the appropriate personal protective equipment.

"I can't tell you how proud I am of all of our field associates and support teams," Mr. Hancock said. "It's been a total company effort."

"These men and women are out there driving our trucks, running our warehouses and staying in direct contact with our customers," he said. "They have been there every step of way."

Despite the recent uptick in COVID-19 cases across the U.S., Mr. Hancock said he and the company are cautiously optimistic about the future.

"We're in a customer-centric mindset," Mr. Hancock said. "The way we invest in the technology as a tool, the way we train, coach and onboard our team is to make sure that we are empowering people to work hand-in-hand with our customers, because we know everyone has a different set of needs.

"It's all about building an environment that allows our customers to interact with ATD on their terms in ways that benefit them and their business."

Details of the transaction

American Tire Distributors is one of the largest independent suppliers of tires to the replacement tire market. It operates more than 140 distribution centers, including 25 distribution centers in Canada, serving approximately 80,000 customers across the U.S. and Canada. The company offers an unsurpassed breadth and depth of inventory, frequent delivery and value-added services to tire and automotive service customers. American Tire Distributors employs approximately 5,000 associates across its distribution center network, including approximately 800 associates in Canada.

By Don Detore, Tire Business

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