



daltile®



MOHAWK®

CASE STUDY



The Transportation Logistics Company



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Mohawk Industries (NYSE: MHK) is a leading supplier of flooring for both residential and commercial applications. The company offers a complete selection of broadloom carpet, ceramic tile, wood, stone, laminate, vinyl, rugs and other home products. These products are marketed under the brands Mohawk, Karastan, Ralph Lauren, Lees, Bigelow, Dal-Tile and American Olean. Mohawk provides a premium level of service with its own trucking fleet and more than 250 local distribution locations.

“We wanted **a transportation expert**
with exceptional **on-time service**
and backhaul capabilities.”

— **Bo Allen**, Mohawk Corporate Traffic Manager

THE PROBLEM

Mohawk has experienced strong growth in recent years as it transitioned from a carpet company to a total flooring business. To support a strategy of continued growth, Mohawk's transportation division places a strong emphasis on superior on-time service to its stores. The Dal-Tile division of Mohawk recently initiated a next-day ship program to accommodate orders coming in throughout the day yet ensure delivery to stores by the next morning. This quick-turn approach, which does not release orders to carriers until late in the afternoon, placed a strain on already dwindling capacity, particularly at Dal-Tile's Southern California distribution center. Regular truckload carriers could not accommodate the short lead-time.

"Our problem was dwindling capacity with the regular truckload carriers," said Bo Allen, Mohawk Corporate Traffic Manager. "It was imperative we have a substantial dedicated fleet at our disposal, but we wanted a transportation expert with exceptional on-time service and backhaul capabilities."

THE SOLUTION

Mohawk's Dal-Tile division had already been working with J.B. Hunt Dedicated Contract Services (DCS) in its Ontario, Calif., distribution center (DC) running approximately 14 trucks and drivers between the DC and area stores. From the success of that seven-year partnership, Mohawk selected J.B. Hunt over other providers to grow with the business and help Dal-Tile continue to raise the bar. Part of this success is the result of DCS's proprietary Customer Value Delivery™ (CVD) methodology, which elevates the focus of operational metrics to ensure performance improvement. In a joint effort, J.B. Hunt worked with Dal-Tile to review and validate key performance indicators (KPIs) for the expanded business such as on-time service percentage and net backhaul revenue to measure progress. "J.B. Hunt had the infrastructure and ability to grow with us," said Allen. "They had a proven track record of team work and success with us. We wanted them to be a vital part of our team as we continued to grow."

The business at the Ontario DC quickly expanded to 25 trucks and drivers as well as 36 trailers servicing 175 stores throughout the West Coast region including: Washington, Oregon, California, Nevada, Utah and Arizona. J.B. Hunt drivers run multi-stop deliveries to Dal-Tile Service Centers primarily for retail business five days a week, Monday through Friday.

Service is everything, according to Allen, and this is what his team emphasizes. Stores download sales and turn in orders at the end of each day, the warehouse picks the order and trucks are loaded overnight. If a store is within 100 miles, orders are delivered from the DC by the beginning of the next day. "Time is an important issue for us," added Allen. "There is an installer who must start their day by picking up their product and going to a job site. We help our customers be successful by having the product they need ready for them when they need it."

THE RESULTS

On-time Service – To say "service is everything" is not an exaggeration. As Allen explains, in the floor covering business, on-time service is crucial. "We're trying to out-service our competitors, and on-time service with J.B. Hunt has always been very good – better than 99%." Mohawk wants to shorten up lead-time even more. Same-day shipping is the company's goal, and Allen's team is working with J.B. Hunt toward achieving this industry-leading standard of service.

Flexible network – J.B. Hunt's expansive network has proven to be a key factor in its ability to support Mohawk successfully. Mohawk has stretched J.B. Hunt's reach from the Ontario DC to service stores as far as 2,000 miles away. "They have the infrastructure to add trucks and push trucks up into the Northwest to accommodate us. They can put together solutions through their network few companies could do at the cost level we need." J.B. Hunt's network has proven invaluable to Mohawk in other instances as well, such as during a major inventory move at another DC requiring more than 50 12-hour shifts in just 3-1/2 days.

Backhaul – Because of the length of haul for some deliveries, J.B. Hunt's backhaul expertise has been invaluable, and the results are paying off. Continued focus on backhaul performance delivers increased value to Mohawk. Just in 2005, net backhaul revenue rose 3.7% based on average truck count and load volume. The two companies have worked together to further contain costs on long length of haul lanes. "We're trying to give the best service in the most cost-effective way possible," said Allen.

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