



CHALLENGE

Establish and nurture relationships with other companies to fill 20 million empty miles each year.

SOLUTION

JCPenney is an avid user of the VICs Empty Miles Service, posting all of its available lanes and reviewing data daily for matches and new relationships.

RESULTS

Improved sustainability

JCPenney avoided 14.7 million pounds of CO₂ emissions in 2009 by utilizing empty miles, on top of 4.8 million pounds avoided in 2008.

Reduced empty miles

The company utilized 4 million empty miles, or 20 percent of its total empty miles. This reduction equaled 30,000 backhaul loads.

Saved costs

JCPenney realized cost savings from using its contracted fleet more and avoided costs by not using other carriers. This resulted in \$5.6 million savings in 2009, compared to \$2.5 million in 2008.

More revenue

With the help of the Empty Miles Service, JCPenney trucks are carrying more loads for other shippers – approximately 800 total loads in 2009.

JCPenney Putting Sustainability Ideas Into Action

Is sustainability coming or going as an important aspect of business strategy?

According to the article, “Why You Should Lead the Green Charge” in the August 5, 2009 issue of *CSCMP’s Supply Chain Quarterly*, some observers suggest that several factors are making environmental sustainability efforts less important to a company’s business strategy – at least in the short-term. Yet, the article recognizes the forces driving sustainability, and that supply chain professionals may be in the best position to lead enterprise-wide efforts.

As a transportation director in the JCPenney Supply Chain organization, Alan VandenBush is that kind of supply chain professional.

“Here at JCPenney, we are committed to sustainability. From our executives throughout the entire company, ideas and actions to improve sustainability are strongly encouraged,” explains VandenBush. *“It’s more than just ideas. It’s about putting those ideas into action.”*

One major idea: filling the approximately 20 million empty miles from the JCPenney dedicated fleet each year.

For some time, Marie Lacertosa, senior vice president of Supply Chain Management, and her team explored ways to collaborate with other companies. *“We are in a very competitive business. It can seem counter-intuitive to share data and resources when so much is on the line, but the potential environmental and cost benefits made the process worth exploring,”* says Lacertosa.

The breakthrough came when JCPenney teamed with VICs – the Voluntary Interindustry Commerce Solutions Association – to develop an industry-wide solution. VICs is a member driven, not-for-profit association that, for over 20 years, has created best practices and standards-based solutions for the consumer goods sector.

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– Marie Lacertosa, Senior Vice President,
JCPenney Supply Chain



With the common goal to fill empty miles, JCPenney and other VICs-member companies provided input about what was needed, tested the initial version of the solution and provided feedback for enhancements. Developed by VICs, GS1 Canada and GS1 US™, the result was an innovative online service – the Empty Miles Service.

Making the Case

The Empty Miles Service enables its members to match their empty trailers with other pre-qualified shippers or carriers that can use the space for shipments. Now, JCPenney, along with 40 other Empty Miles subscribers, can work together to fill backhaul loads for sustainability and other business gains.

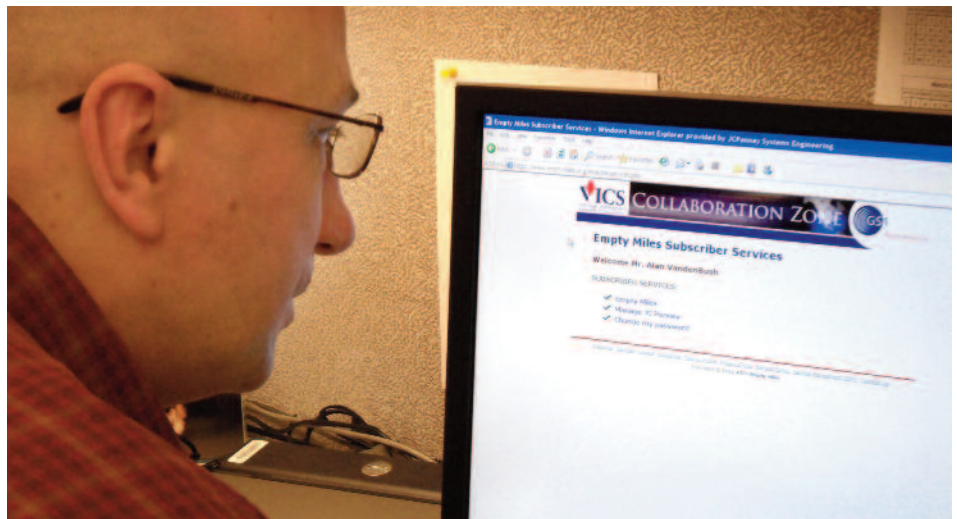
And as more trading partners join and use the service, the opportunities for more matches will gain momentum.

VandenBush agrees, *“In our first year of using Empty Miles, we realized some significant benefits. Now, we just want it to grow – there’s so much opportunity out there for everyone who really uses it.”*

Getting started is straightforward and simple. To help members get on-board, VICs provides training via online seminars, demonstrating how to fully use the service to achieve specific objectives. The Empty Miles Service subscription is also reasonable, about \$1,850 per year.

“It’s easy-to-use and gives me all the data I need for review and analysis,” adds VandenBush.

A commonly asked question involves the degree of anonymity of the service. *“A user can remain anonymous until he decides to share data with others. But, what really works for us is getting to know each other – our respective routes, what we haul and other details that help us evaluate if we would make good partners,”* explains VandenBush.



Using the Empty Miles Service, VandenBush reviews data daily for matches and new relationships.

Making the Perfect Match

JCPenney contracts with national carriers to comprise its dedicated fleet. Servicing more than 1,000 stores and 13 regional Store Support Centers (SSC), JCPenney trucks haul freight from SSCs to stores several times a week.

“On return trips, our fleet will haul supplier inbound freight and cardboard from our stores back to our Centers. By combining the cardboard from all stores, JCPenney gets a higher recovery for its cardboard,” says VandenBush.

Because JCPenney has contracted its carrier rates based on fleet utilization versus volume hauled, the company optimizes its routes for the productive use of equipment and drivers. Even with optimized routes, JCPenney trucks were running empty approximately 20 million miles per year – 46 percent of all miles traveled.

Determined to utilize these miles, VandenBush took an aggressive approach from the beginning. While some users posted only their top “power” lanes, JCPenney posted all 1,100 of its lanes.

VandenBush explains, *“Our belief is that all lanes are power lanes. By posting more lanes, we have more opportunity to make matches and fill empty miles.”*

VandenBush is quick to add that filling empty miles doesn’t “just happen” by simply posting lanes.

“You have to be committed; you will only get out of it what you put in,” he says. *“It has all the needed discussion tools for members to use – checklists, frequently asked questions, boilerplate legal agreements, to mention a few.”*

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*Alan VandenBush, Transportation Director,
JCPenney Supply Chain*

One match was particularly fruitful. After contact information was shared, VandenBush approached another user - a major discount retailer. After considering the retailer's locations, route and type of freight, VandenBush decided to pursue further negotiations. The freight to be shipped - simple pallets of bottled water - was easy to load and unload, and the destination was literally next door to the JCPenney facility. And for the discount retailer, the price was right.

With an agreement and rate, legal agreements were drafted between the discount retailer and JCPenney and between the retailer and the JCPenney contracted carrier. The carrier would bill and collect from the retailer based on the negotiated rate; in turn, the carrier would credit JCPenney.

VandenBush sums up the match, *"It's a business model that works because everyone wins. JCPenney and the other retailer save on costs, the carrier makes additional revenue, and we utilize empty miles. It is a perfect match."*

Just Do the Right Thing

What's next for JCPenney? *"We will continue to stretch our targets for more and more utilization of empty miles,"* states VandenBush.

VandenBush adds that he will look to get other VICs members to haul his freight as a supplement to his dedicated fleet.

"We're considering using the metric of 'reduced miles traveled.' After all, the ultimate sustainability play is taking trucks off the road to reduce our overall carbon footprint."

Getting Results

IMPROVED SUSTAINABILITY

JCPenney avoided 14.7 million pounds of CO₂ emissions, in addition to avoiding 4.8 million pounds in 2008.

REDUCED EMPTY MILES

The company utilized 4 million empty miles or 20 percent of its total empty miles, a significant improvement over 2008 when it utilized 1.3 million empty miles or six percent.

INCREASED BACKHAUL LOADS

The utilization of empty miles equated to 30,000 backhaul loads, compared to 11,000 in 2008.

SAVED COSTS

JCPenney avoided costs associated with using other carriers not in its dedicated fleet. VandenBush tracked a \$5.6 million savings, compared to \$2.5 million in 2008.

MORE REVENUE

With the Empty Miles Service, JCPenney trucks are carrying more loads from other shippers. In 2009, approximately 800 loads were delivered.

Based on its unwavering commitment to filling empty miles and with help from the VICs Empty Miles Service, JCPenney experienced significant results in 2009.

Another major goal for VICs, JCPenney and other members of the Empty Miles Service is adding new users.

"Every chance I get I tell other suppliers, carriers and retailers about the Empty Miles Service. Building a critical mass - more lanes posted by more members - is crucial for the success of the Empty Miles Service."

JCPenney is certainly doing its part.

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*Alan VandenBush, Transportation Director,
JCPenney Supply Chain*

CASE STUDY: JCPenney



CONTACT US

Learn how your company can take advantage of this innovative solution. Contact us at +1 800.567.7084, option 3, or visit www.emptymiles.org.

ABOUT VICS

The Voluntary Interindustry Commerce Solutions (VICS) Association has enabled companies in the retail and consumer-focused industries to eliminate billions of dollars of waste and delay. By creating voluntary guidelines, often referred to as "standards," VICS has created new best practices that ultimately lead to lower costs and better availability of products for consumers. VICS' volunteer members improve the flow of products and information throughout retailing and the consumer-focused industries that supply retail. The Association provides leadership and an environment in which executives can make a difference in their industries, their company performance - and their personal commitment to make the world work a little bit better. VICS' members help define the next best practices in the industry and thus anticipate and optimize business processes and costs. Additional information can be found at www.vics.org.

ABOUT GS1 US™

GS1™ US is a not-for-profit organization that brings industry communities together to solve supply-chain problems through the adoption and implementation of GS1 standards. More than 200,000 businesses in 25 industries rely on GS1 US for trading-partner collaboration and for maximizing the cost effectiveness, speed, visibility, security and sustainability of their business processes. They achieve these benefits through GS1 US solutions based on GS1 global unique numbering and identification systems, barcodes, Electronic Product Code-based RFID, data synchronization, and electronic information exchange. GS1 US also manages the United Nations Standard Products and Services Code® (UNSPSC®). To learn more, visit www.gs1us.org.

ABOUT GS1 CANADA

GS1 Canada is a not-for-profit, industry-led organization that develops, promotes and maintains global standards for the identification of goods, services, locations and related e-commerce communication. As a member organization of GS1, GS1 Canada represents the interests of Canada in the continuing development of the global language of business. Active members of GS1 Canada that joined after March 31, 1997 receive exclusive rights to a globally unique company prefix, an essential component to creating industry-compliant barcodes. Membership also includes industry education opportunities at reduced rates, toll-free help, and access to the full range of value-added services and standards, including ECCnet Images & Validation (ECCnet I&V) and Item Centre: the next generation of ECCnet Registry. To learn more, visit www.gs1ca.org.

ABOUT SMARTWAY AND EMPTY MILES

The U.S. Environmental Protection Agency's (EPA) SmartWaySM brand represents cleaner and more efficient transportation options that reduce greenhouse gases and improve air quality. The VICS Empty Miles Service is also an affiliate member of the EPA SmartWay Transport program and is aligned with the goals of the sustainable goods movement. Its strong relationship allows members to link to EPA/SmartWay from the Empty Miles home page at www.emptymiles.org.



www.gs1us.org
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