



Services: Community development
Industry: Hardware

Case Study: Northern Tool + Equipment

Northern Tool + Equipment is known by do-it-yourselfers and professionals alike for offering the equipment and materials needed to do almost any job.

The community development program was highly successful, with almost 100 percent vendor participation.

Several years ago, Northern ran its first community development program with SPS Commerce to onboard 250 vendors, most using both direct-to-consumer and warehouse fulfillment order management models. During the campaign’s development and rollout, Northern’s

merchandisers leading the initiative held firm that the following principles be followed:

- Vendors must have compliance options including order fulfillment testing, Web-based forms and integrated service.
- Order fulfillment specifications and forms were to be kept simple (especially the Advance Ship Notice (ASN)).
- SPS Commerce’s customer support teams would be accessible to all vendors and take each vendor through the process step-by-step.
- Upon the conclusion of the program, vendors that don’t comply would cease to be vendors of Northern.

The program was highly successful, with almost 100 percent vendor participation.

A couple years later, Northern was again faced with new order fulfillment demands as sales in each of its retail channels were experiencing strong growth:

- **Catalog:** Delivering 65 million to 75 million catalogs annually, with catalog sales up 15 percent.
- **Online:** Offering 15,000 products, with online sales increasing 35 percent annually.
- **Stores:** Increased to 55 stores in 10 states (primarily in the South and Southeast).

To profitably increase its dropship sales and improve its inventory visibility, Northern needed to advance its vendor fulfillment specifications to:

- Add a PO Acknowledgement for order confirmation; and
- Update the ASN with more detailed information.

Improving Northern Tool + Equipment’s Trading Partner Relationships



RETAILERS



SUPPLIERS



3PLS

“SPS Commerce made all of the difference by personally working with each vendor until everything was right, no matter how long it took. Their customer support was nothing less than extraordinary!”
— Brad Therrien, divisional merchandise manager,
Northern Tool + Equipment

Working with SPS Commerce again, Northern’s vendors were given a deadline to comply with the new requirements. If not, they would be removed from Northern Tool’s catalog or incur additional fees per order. As before, SPS Commerce’s team worked around the clock with vendors to test, retest and enable vendors as needed.

Since the initiative, Northern has achieved the following compliance on its new requirements:

- Warehouse Vendors: 362 EDI-enabled vendors tested; 162 non-EDI vendors enabled.
- Drop Ship Vendors: 135 EDI-enabled vendors tested; 31 non-EDI vendors enabled.
- Ninety-five percent of vendors are in full EDI compliance.