



Leveraged Logistics Resources, LLC
Logistics and Supply Chain Consulting

Managing Logistics In a Medium-Size Company With a Decentralized Environment

The client was a medium size corporation with a very decentralized past. A new CEO mandated the leveraging of the business spend in areas where they could.

The client has roughly \$500M USD globally in sales and over 50% of its sales in North America. With around 10 plants in the USA they are aggressively consolidating operations and focusing on implementing Lean in the operations. While many sales are of an Engineered-To-Order supply chain type a great deal of it is shipped from Made-To-Stock.

Each plant managed logistics in the way they chose. Almost all of them chose to use a local 3PL and brokerage with little to no crossover even within divisions of suppliers. All freight bills were paid within the local accounting department so there was no data to evaluate for opportunity or optimization.

With the CEO requirement for cross business leverage the Indirect Supply leader in the USA contacted Leveraged Logistics Resources, LLC, (LLR), to help frame up the opportunity.

Phase 1

The local operations were asked to supply one months of actual freight invoices, and Bills of lading if available, for data entry and evaluation. This proved to be difficult as the local teams each made choices as to the priority of the request and the LLR consultant at times had to get involved with conversations as the importance of the request and how to make it easier.

A maturity assessment was concurrently performed to establish the baseline of talent and processes in managing logistics. Using established templates the client Indirect Leader was able to see the gaps that needed to be filled to perform at a "Market Parity" level.

The LLR consultant and Indirect Supply Leader then worked through a strategy development process, again using existing templates, that help clarify and develop a future state position for the client's teams to operate at.

Using the current state data and future state strategy the LLR consultant led the client on an evaluation process to potentially use a 3PL to act as the centralized logistics department for the client.

Phase 2

Starting with 7 providers, including a small incumbent, the LLR consultant and client interviewed and evaluated the 3PLs for not just financial opportunity but also cultural and operational fit. With projected spend calculated using the 3PL "Market Rates" and web demos the list of 3PLs was cut to 3 final candidates.



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Using a defined template for scoring each business unit supplied a team member to read the RFP responses and attend web demos. Each 3PL also visited one plant to ensure they understood the culture and current state of the client.

Using the team scoring approach a final 3PL was selected. The Indirect Supply Leader then presented the opportunity to the client Senior executives and given approval to pursue.

Phase 3

With the flexible nature, and focus on knowledge transfer, of LLR the client was able to negotiate the 3PL contract with minimal input from LLR and begin implementation planning with the 3PL.

LLR will be expected to participate as an advisor in the future and help guide the continuous improvement efforts of the 3PL and client by attending monthly and quarterly business reviews. As acquisition and other business events dictate the LLR consultant will be brought back in to help advise on Logistics and Supply Chain needs.

Anticipated Results

1. Transactional Logistics spend expected to be initially reduced by 10% using market rates
2. Focused efforts on client specific logistics profile the spend is expected to be further reduced by 10% to 15%
3. Visibility to spend and analytics to be enabled by all freight payment data to be captured
4. Payment terms expected to be improved by at least 15 days
5. Client has access to industry leading talent without needing to add a logistics department to achieve continuous improvement
6. Future acquisitions will be quickly brought on board and savings realized

Value of using Leveraged Logistics Resources, LLC

1. Proposal offered project-based rates or gain share opportunities so client had control
2. Project focused on education and knowledge transfer so the client can confidently go forward with minimal input
3. Client leveraged the knowledge and experience of an industry expert without adding to overhead and a long-term commitment
4. Client gained the network of contacts the LLR has and could move quickly on the project
5. Client and LLR created a partnership approach, as compared to a transaction, so future advice is always available.