



Leveraged Logistics Resources, LLC  
Logistics and Supply Chain Consulting

## Bringing The Company Together

The client organization was doing extremely well in the marketplace. Reinvigorated with new management, being purchased by a European company, and an acquisition of a troubled company had this company looking for leveraged opportunities.

While they had a rough idea of freight spend there was no clear-cut definition of policies and review. Using the rule “Let Data Lead You” the team began scanning physical copies of freight invoices for data entry. It was a rough road to go down with varying levels of support and understanding of what was trying to be accomplished.

After a long month of gathering the data a picture began to emerge of spend and activities. Using the “5 Why” technique the carrier decision making process became apparent.

The real routing decision was the need to ship the orders as soon as they were completed no matter what the due date was. One location even used a web based TMS to route orders but at the end of the day put the freight on the last carrier in the door.

That mindset had two negative implications;

1. Carrier and cost management wasn't based on value (price and service)
2. The carrier in the door didn't believe the company would make value based decision so wasn't willing to work with the company on rate.

After gathering the data a number of decision needed to be made; 1) Best cost, 2) Data Analytics, and 3) Technology Applications.

The team developed the perspective that it wanted to outsource the freight rate management and TMS to a 3PL. Three leading 3PLs were invited to prepare a cost opportunity estimate and two were asked to make a presentation to the team.

After selecting one the hard work of implementation lie ahead.

Getting 4 locations to overcome years of built-in bias was difficult. Using a carrier just because they always had, poor class definition, varying sized pallets required a change in process and seeing the opportunities calculated.

Using a delivered cost per pound as the metric there were three phases of implementation with as planned three growing levels of success.

Phase 1: Begin to use lower costs but good service carriers through the TMS

Phase 2: Put all freight through the TMS even if the carrier tariff was less to gather all shipment data

Phase 3: Bid the entire freight package through the 3PL



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The final results of all 3 Phases are a savings of around 35% in cost per pound since implementation. The tracking and tracing can now be done in Customer Service as all shipments are available on the dashboards. Full visibility and Root Cause – Counter Measures have been implemented to correct inefficient or harmful processes. Also established are rules for what shipment needs to go today versus tomorrow based on the due date to the customer.

The next work effort is getting inbound management under control by having suppliers enter pending shipments in a portal and having the 3PL manage carrier selections and create visibility that does not exist today.

The results financially are significant and measurable. The attitude towards the process is the most important change. Skeptics became believers and unwilling participants are no longer involved. One leader has been named as the internal cheerleader for the process and has been instrumental in driving the success.

The return on consulting expenses is easily 10X and continues to grow. This has given the company confidence that the partnerships works and more opportunities continue to be worked on.