



MOVE TO THE FRONT:
POSITION LOGISTICS TO DRIVE
COMPETITIVE ADVANTAGE

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What do Jeff Bezos, the late Sam Walton and Michael Dell have in common? They embraced logistics as a competitive differentiator to drive customer loyalty and sustainable growth.

They established clear strategies for logistics excellence to fuel broad-based organizational objectives. They shed the stale notion of logistics as a reactive mechanism, and created functions that helped deliver proactive solutions across the entire business.

All three first disrupted, then transformed their industries, building enormous value for their stakeholders in the process.

Executed properly, logistics can deliver your company the same competitive advantage. It puts you in the driver's seat to improve cost control, speed to market and supply chain flexibility. At the same time, **an effective logistics strategy empowers you to consistently exceed customer expectations.**

The key is reaching a high level of logistical management integration within the broader enterprise, supported by skilled employees and robust information technologies.





A LITTLE HISTORY...

For decades, visionary executives like Bezos, Walton and Dell were in the minority. Logistics rarely made it into boardroom conversations. Most C-suites did not strongly value logistics, viewing it as a cost center where goods were shipped or received, hopefully on time and at the lowest possible cost.

Because logistics naturally rests at the end stage of the supply chain process, it has long been perceived as an afterthought in supply chain management discussions.

Logistics and supply chain leaders have struggled to align their roles with other functional disciplines, and they have had trouble influencing overall supply chain decision-making.

Despite its critical importance to the organization and its vast untapped potential, logistics languished outside executives' primary field of focus. That is rapidly changing. **In an environment where global pandemics, natural disasters and civil unrest threaten disruption, C-suite leaders require elevated supply chain visibility to mitigate risk while continuing to serve customers.**

SOME GOOD NEWS

The role of “chief supply chain officer” is more embedded inside corporate America and abroad (though it is still not nearly as common as it needs to be). **C-suites increasingly appreciate logistics' double-barreled value in driving down costs and elevating customer satisfaction and retention.**

Savvy businesses, like global fast-fashion retailers, have made logistics an indispensable part of their overall strategy and execution. For example, leveraging air freight services, shippers speed goods to eager consumers and quickly adjust to demand fluctuations while maintaining lean levels of buffer inventory.

Though priced at a premium compared to other modes, air freight actually reduces the retailer's cost to serve, based on a precise analysis of its factory-to-consumer shipping costs relative to the expense of holding high-obsolescence inventory.

It is not quick or easy to change the corporate mindset from “logistics as a cost center” to “logistics as a competitive tool.” However, it is worth the effort. The ***Journal of Risk and Financial Management*** said in a recent paper that financial markets favorably recognize a firm's commitment to logistics excellence.

Such endorsements should encourage C-level executives to allocate more resources into building high-performing supply chains, the group wrote. “Ultimately, an excellent (logistics system) should pay off on its own.”

IN PERFECT ALIGNMENT...

In today's dynamic business and consumer environments, companies must be able to satisfy if not surpass customer expectations. This requires a high level of logistics skill and competency.

Gaining competitive advantage through logistics requires superior performance in three areas:

- Inventory availability: right place, right time
- Operational performance – and execution excellence
- Service reliability – as defined by the end customer

They must be integrated and supported by deeply measured metrics enabled by advanced technology, tools that Transportation Insight has at its disposal and utilizes for its clients every day.

The logistics umbrella covers order processing, inventory management, transportation, warehousing, material handling and packaging services.

In the best cases, all are interrelated within a seamless manufacturing operation, which, by the way, must be open to change in order to satisfy constantly evolving product assortments, customers, suppliers and manufacturing requirements.

The number, size and geographical footprint of facilities has an outsized influence on balancing customer requirements with the cost to serve. The level of importance - and complexity - is even more pronounced for a multi-national business that leverages foreign manufacturing.

The ability to master network design, and to do so in a flexible manner, is critical for developing and sustaining a competitive advantage through logistics.



MEASURING SUCCESS:

A parts provider for outdoor power equipment remains a market leader through an expert-driven logistics strategy that delivers cost reductions and customer service improvements:

24% savings on LTL shipments and carrier rate increase avoidance

20% savings on parcel shipping

8.2% savings on TL shipments

2.9% savings through invoice error avoidance (all modes)

60% reduction in manufacturing lead time through LEAN processes

15.48% savings on corrugated packaging and associated costs

This Transportation Insight client partner also enjoys access to detailed transportation financials that allow it to monitor many key performance indicators that support improved exception management.



BECOME A LOGISTICS LINE LEADER

Once you've embraced logistics' strategic importance, the following Best Practices are worth exploring:



UNDERSTAND CUSTOMER NEEDS, THEN USE LOGISTICS TO LEAD, NOT FOLLOW

A company that uses logistics as a competitive lever will focus on the needs and desires of the customer, and then design processes to respond efficiently to that demand.

According to a study by the Gartner Inc. consulting firm, "Learning From Logistics Leaders," a company can then "work back along the supply chain to understand how upstream...decisions can enable different logistics solutions and ultimately deliver the customer requirement."

Empowering logistics at the front end of the process is counterintuitive. But it is effective.

"Logistics analysis can help assess the various scenarios, and the risks, associated with prospective distribution services," said John Richardson, Transportation Insight's Vice President of Supply Chain Analytics. "This is of much greater value to the overall organization at the start of the supply chain decision-making process than it would be at the back end."

Gartner: "The logistics function segments services according to what customers need and provides additional capabilities that can be used to differentiate the product." That information can then be used to build a strong value proposition for the customer.



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BECOME A LOGISTICS LINE LEADER



THINK OUTSIDE THE WAREHOUSE

Part of a superior logistics strategy is the alignment of transportation and supply chain activity with a company's overall objectives and outcomes. Effective C-suite leadership emphasizes the role of logistics in achieving broad milestones.

Logistics initiatives can drive market share gains and improve customer retention and profitable growth.

At the grass-roots level, provide logistics employees visibility into how their efforts contribute to the organization's overall success.

It can be beneficial to cite specific examples connecting logistics with overall success.

- An “on-time, in-full” delivery strategy, where retailers set specific metrics for achieving the perfect order, can contribute to growth in market share through an enhanced customer experience.
- Speed-to-market capabilities, or delivery consistency, can influence customer buying decisions and loyalty.
- Cost to market as a percentage of sales dollars. Line item profitability.



TECHNOLOGY AND PEOPLE

Information technology and the aptitude of skilled professionals inside and outside your company play a vital role in your ability to optimize logistics performance.

Better technology drives delivery speed, order accuracy and customer satisfaction, all of which are critical objectives to competitive superiority.

The human factor is just as important. **Studies have shown a strong link between effective human capital and a company's scores in logistics performance and global competitiveness.**

Some suggest that because human capital is the prime source of innovation, companies looking to drive logistics dominance should first invest in people, either in-house and/or through a strategic partner, before allocating significant capital to machinery and technology.





BECOME A LOGISTICS LINE LEADER



BE PART OF THE ORCHESTRA

The role of logistics as a competitive advantage is enhanced when supply chain, sales, marketing and customer service functions all align. **Enhanced collaboration, with each function contributing their skills, resources and expertise, can lead to increased revenues and improved customer satisfaction.**

“Breaking down silos between teams and collaborating toward a shared mission of delighting your customers will invariably result in higher revenues, profits and market share,” said Richardson.

No single individual player can perform a symphony solo, but with the support of collaborative partners, you can produce a complex performance that “wows” the audience. Transportation Insight has the rich industry experience to provide that support.



WORK WITH YOUR 3PL PARTNERS

Did you know market leaders Amazon, Walmart and Dell utilize services from various 3PLs in order to achieve their goals faster and at far less cost? It is exceedingly rare - and many times more challenging - for a company to manage their entire supply chain internally. With the rapid speed of change in tools and technology, the right 3PL partnership enables a company to stay on the leading edge operationally and technologically.

Specialists like Transportation Insight can be an invaluable resource of industry expertise and knowledge.

“As you start down your journey toward making logistics a competitive weapon for your business, keep in mind that companies like TI have powerful tools that can enable your evolution,” said Richardson.

LOGISTICS MASTERS SEIZE COMPETITIVE ADVANTAGE

Amazon.com was founded in 1994 as a modest online book and music seller. It didn't hit its stride until 2005 when it launched Amazon "Prime," a membership program offering free two-day deliveries for thousands of items for a low monthly or annual fee. Prime quickly became a "category killer."

Today, it has 112 million members in the U.S. alone. Prime members, on average, buy nearly twice as much per year as non-Prime members.

Jeff Bezos makes no secret of his obsession with delighting his customers. For more than a quarter century he has defined the metrics and measures of Amazon's success through the customer's point of view, not his own.

Amazon does extensive research on customer requirements and expectations, and builds its value proposition accordingly. Through this research, the company's service requirements and customer expectations become aligned.

To say that Bezos has leveraged logistics as a competitive tool is a massive understatement. Today, Amazon has an armada of long-haul trucks, delivery vans, airplanes and intermodal containers. It does not own ships (yet), but it uses them to move international traffic.

It delivers more than half of its own orders, something that would have been unheard of five years ago. It is on a pace to surpass FedEx's ground-delivery business in daily volumes sometime this year.

Like other visionary executives, Bezos saw logistics as an enabler to create and sustain enormous value for his stakeholders. Few, if any, companies can match Amazon for scale. But they can learn from its example. **Logistics has emerged from cost-center purgatory for good. It should be considered an indispensable tool of efficiency, profit, and competitive advantage.**



YOUR SUPPLY CHAIN. MASTERED.

Transportation Insight has the team, the tools and the technology to unlock the power of your supply chain so you can realize value today and drive growth tomorrow.

About Transportation Insight, LLC

Transportation Insight is a multi-modal, lead logistics provider that partners with manufacturers, retailers and distributors to achieve significant cost savings, reduce cycle times and improve customer satisfaction rates through customized supply chain solutions. Transportation Insight offers a Co-managed Logistics® form of 3PL, carrier sourcing, freight bill audit and payment services, state-of-the-art transportation management system (TMS) applications, parcel technology platform (audit, engineering, advanced analytics) and business intelligence. The Enterprise Logistics division of the Transportation Insight Holdings, LLC, (TI Holdco) portfolio, Transportation Insight operates alongside transactional freight brokerage Nolan Transportation Group (NTG) to help client shippers engineer efficient supply chain networks. Combined, the \$3.2 billion TI Holdco organization serves 7,000 clients with logistics management services that include domestic transportation (TL, LTL, Parcel), e-commerce solutions, supply chain analytics, international transportation, warehouse sourcing, LEAN consulting and supply chain sourcing of indirect materials including secondary packaging. Headquartered in Hickory, NC, Transportation Insight has secondary operating centers and client support offices across North America.

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