

STANDARD MOTOR PRODUCTS

A STORY OF CONTROL

Standard Motor Products (SMP) has delivered 100 years of solid service to auto parts retailers, distributors and driveway mechanics. Family-owned and lean-minded, the aftermarket auto parts manufacturer and distributor has enjoyed steady growth which accelerated near the turn of the century.

Adding more facilities and clients, including North America's largest auto parts retailers, SMP faced new challenges monitoring Less-than-Load (LTL) and parcel transportation activity.

"A lot of our facilities grew up independent, managing their own transportation," says Colin Tisch, Vice President - Corporate Supply Chain Management for SMP. "We didn't have the coordination of using preferred and least-cost carriers. We weren't getting the economies of scale that a company our size should be getting because each facility was doing its own thing."

Poor visibility to weekly transactions slowed response when errors occurred.

"We wouldn't see a freight bill for months, and then all of a sudden a half year of freight bills showed up at our door step," Tisch says. "Things looked great for three months, and then the bill comes in and it looks horrible."

Recognizing a need to develop a company-wide transportation management strategy, SMP sought the support of a Supply Chain Master.

"We started interviewing and working with other logistics companies and Transportation Insight stood out head-and-shoulders above the rest," Tisch says. "It was a good fit for us, with an appropriate structure, size and influence to do what we need, but also personal enough to address our individual needs."

After initial implementation in 2014, Transportation Insight has evolved to support SMP's ongoing growth.

Since program inception, **SMP has achieved over \$4.2 million in hard dollar savings. In the past three years alone, the company's top five facilities realized average savings of more than 7 percent - \$1.8 million in LTL cost.**



"A lot of our recent growth is based on the fact that we know what every facility is doing, and every facility is doing things the same way," Tisch says. "We have been able to realize good savings and good synergies. It has been a mutually beneficial relationship for both of us."

Creating Control With Visibility

Decentralized processes and decision-making across 15 facilities made it difficult for SMP to access the data-driven visibility required for effective procurement. Each facility was working with its own contracts and arranging its own schedules.

Reliance on a corporate bill pay vendor hurt SMP's ability to marry actual transportation costs to the point of invoice. Further, it was difficult to track down overcharges, identify accessories and confirm use of least-cost transportation provider.

Working as an extension of SMP's Supply Chain staff, Transportation Insight implemented a Control Tower solution that aligned transportation execution through Insight TMS and monitored performance with technology-enabled freight bill audit and payment. Our team identified best cost-service options for each facility and supported carrier conversations to improve cost and service balance.

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“We were experiencing a significant amount of ancillary charges,” Tisch said. “We went through them one by one, and were able to eliminate some, renegotiate some and include some in our contracts. Gaining awareness of those charges and our opportunities to control them has been really beneficial in our relationship with TI.”

With a company-wide procurement strategy set, SMP receives compliance report cards that identify gaps and support cost management. That’s particularly important as SMP serves large national retail clients with varying transportation requirements, from complete flexibility in carrier selection to mandated use of the retailer’s own carriers.

“With our facilities operating independently, that is a hard, hard habit to break without statistics and analytics,” Tisch said. “We go back to them on a weekly and monthly basis and show our team what those decisions are costing us as a corporation.”

Actionable reporting gives SMP control that has supported compliance above 90% across inbound, outbound and intra-company LTL shipments. That has realized LTL linehaul savings of more than \$2.1 million over the life of the partnership.

Coordinated alongside freight audit, **Transportation Insight’s solution has provided nearly \$1.3 million in savings through invoice error corrections.**

“TI goes back and recovers that money for us or addresses it at the time of payment, so we don’t have to pay every additional charge without having the ability to go into the bill pay and breakdown what comprises the freight bill, and how it affects our overall freight spend.”

Fuel surcharge avoidance, accessed through Transportation Insight’s fuel tariff, has provided \$795,444 in additional savings since program inception.

Digital Demand Drives Response, Growth

SMP’s core focus is serving the “heart and soul” brick-and-mortar locations of retailers and distributors. Increasingly those storefronts are responding to demands of digital customers and requiring SMP to follow suit.

“We do 4,000-5,000 emergency orders per day, where a customer goes to a store or that store’s website and places an order. We ship same-day for direct shipment to the customer,” Tisch said. “If you have an older car or a car that is not as common, they are not likely to have the parts in stock, but we will. That’s where e-commerce comes in for SMP.”

DON’T TAKE OUR WORD FOR IT.
Hear what our customers are saying about us.

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- Colin Tisch
VP, Corporate Supply Chain

That’s required expertise in parcel and express services.

“With our parcel conversations, I’ve learned a lot about how deep and how wide the structure is of the parcel carriers’ rate program,” he said. “I thought it was rate plus ancillary charges and that was it. There are multiple levels of how those rates are structured.”

Using Transportation Insight’s experience and continuous improvement mindset, SMP is evolving its parcel program to manage cost while responding to a growing number of residential deliveries. Working with a Supply Chain Master who provides quarterly reviews of performance, SMP can set timelines for process changes thanks to an ongoing understanding of the cost-saving opportunities that exist.

Instead of being just tactical and reactive, SMP masters its supply chain by taking a strategic approach to aligning decisions with freight dollars being spent and making adjustments based on visibility to network activities.

“We have an extension of our staff at Transportation Insight. They may be under the TI umbrella, but that person really works for SMP and is accessible to SMP,” Tisch says. “SMP operates a lot in the same ways. TI recognized that, and they have been able to support our relationship over the years.”