

Tackling Runaway Supply Chain Costs and Complexities

National Sports Retailer Takes the Challenge and Automates Transportation Network

The Challenge

A national sporting goods retailer operating three sporting goods retailer distribution centers and shipping to 20 retail stores needed to reduce supply chain costs across their distribution network. Their distribution centers were supplied by less-than-truckload (LTL) and truckload (TL) shipments from product vendors, with frequent intra-company shipments moving between distribution centers. Their retail stores were supplied primarily by parcel shipments from the servicing distribution centers. With a growing list of motor carriers and a diverse geographic footprint, the company was experiencing increased distribution complexity and rising freight costs. With an increasing annual freight spend of \$1.5 million, the retailer was looking for complexity reduction and cost control.

Strategy

A strategic logistics partnership formed between the sporting goods retailer and Transportation Insight that centered on cost reduction, process simplification and automation.

As a first step in reducing cost for the retailer, Transportation Insight helped consolidate the carrier base and migrate the carriers to a single pricing tariff. Through an aggressive bid process, Transportation Insight identified best-of-class carriers to serve the retailer in the geographic areas around each distribution center. The new, shorter list of motor carriers published rates on a simplified rate base. The client made all the final carrier selection decisions and experienced an annualized \$166,477 financial savings due to Transportation Insight's carrier pricing negotiations. In years two and beyond, Transportation Insight negotiated with the motor carriers to keep the retailer's freight costs significantly below market rates. As a result, the client experienced a \$109,500 financial savings due to Transportation Insight's ongoing negotiation efforts to mitigate carrier rate increases.

As a next step of complexity reduction and process simplification, Transportation Insight assumed the task of auditing and paying the weekly freight bills. Hundreds of freight bills per week — for all modes of transportation, for all locations — began arriving at Transportation Insight. Transportation Insight assigned an individual Business Analyst who carefully reviewed the bills to ensure their accuracy and utilized an automated audit process to compare each LTL and TL bill with the published carrier rates to identify and eliminate carrier overcharges. Parcel carrier bills were also audited to identify service failures that warranted client refunds.

Transportation Insight then began providing simple, consolidated weekly electronic invoices. The client experienced an annualized \$30,000 financial savings due to Transportation Insight's identification and correction of carrier overcharges. In addition to the direct financial savings provided by the audit, the client also experienced significant time-savings in their internal freight bill auditing, check-writing and general ledger accounting administrative process. By re-directing their personnel to more strategic tasks, the retailer gained an estimated \$77,281 value from process simplification.

Finally, Transportation Insight automated most of the daily transportation tasks for the retailer by providing web-based, state-of-the-art Insight TMS® software applications. Every user in the client organization was given their own username and password so they could login to view and utilize only the transportation management applications relevant to their jobs. Various programs within Insight TMS® assisted with and automated carrier routing decisions, the creation of freight invoices for customer invoicing, shipment track and trace and bill of lading creation for the various shipping locations.

Value Summary Results

A significant competitive advantage was created by the strategic logistics partnership formed by the sporting goods retailer and Transportation Insight. Transportation Insight drove out complexity, automated repetitive transportation tasks and reduced transportation costs by over 25%. A sustained competitive advantage complete with continuous improvement helps the client dominate their market.

Value Summary

(Based on \$1.5M Annual Freight Spend)

\$ 166,000	Rate Reductions
\$ 109,500	Annual Rate Negotiations
\$ 30,000	Overcharge Corrections
\$ 170,403	Audit/Payment Time Savings

\$ 383,258 Annual Financial Impact

25.6% Total Cost Reduction

Co-Managed Logistics • Carrier Sourcing • Rate Negotiation • Freight Bill Audit and Payment • TMS
Supply Chain Analytics • LEAN Consulting • Supply Chain Sourcing

 [Blog](#)     [www.transportationinsight.com](#) • 877.226.9950

 **Transportation Insight®**

Evaluate. Innovate. Dominate.