

TOOL MANUFACTURER UTILIZES TRANSPORTATION MANAGEMENT SYSTEM TO CUT COSTS

MIQ LOGISTICS TRANSPORTATION MANAGEMENT SYSTEM

PROVIDING SOLUTIONS

The Challenge

A global manufacturer of metal-cutting tools was having difficulty managing its transportation costs stemming from a lack of control of its inbound shipping activities. Although the company had established core carrier contracts and programs, it lacked the tools to manage the carrier selection process. As a result, carrier selection was inconsistent and transportation costs escalated. The company needed a transportation system and process-driven tools that would allow it to centrally manage its transportation activities.

CASE STUDY OVERVIEW

The Challenge:

Achieve consistency in carrier selection process; contain escalating transportation costs.

Strategy:

Analyze the client's existing transportation network and inbound shipping activities to identify opportunities for increased control.

Solution:

Completely outsourced transportation management.

Results:

Immediate reduction in overall transportation costs; control of inbound shipping costs.



The Strategy

In order to fully understand the opportunities to improve efficiency, MIQ Logistics conducted an in-depth analysis of the client's existing domestic transportation network. Of paramount importance to the client was how the MIQ Logistics solution could help it achieve increased control of its inbound shipping activities and costs.

The Solution

The MIQ Logistics analysis indicated that the client would benefit from a centrally managed transportation solution – the level of control that the company needed could best be achieved by completely outsourcing its transportation management activities. The MIQ Logistics solution included PowerTMS™, a powerful, flexible and easy-to-implement Web-native transportation management system for North America shipments. This system is available only to clients of MIQ Logistics.

Key functions of the MIQ Logistics Transportation Management solution included:

- Carrier Management – MIQ Logistics helped with the development and management of carrier relationships
- Order Management – Orders electronically received from the client's SAP system.
- Shipment Planning and Execution – PowerTMS scans the potential carriers and recommends a shipment plan with the best value (a combination of transit time, service, and price). When orders change, PowerTMS automatically changes the recommended plan, but still allows the client to choose another carrier at the local level, if desired.
- Shipment Optimization – PowerTMS matches origin and destination points for different shipments and consolidates them wherever possible. Unless there's a reason for deviation, the system automatically dispatches the optimum carrier for each shipment.
- Tracking/Reporting – All carriers and modes are easily accessible on one centralized system. PowerTMS also issues a Report Card to measure compliance. At any given time, the client can determine what its costs are, who has deviated from the plan, and how much that deviation has cost the company.

The Results

The client experienced an immediate reduction in overall transportation costs and a complete turnaround in inbound shipping cost control. Previously, finding the most efficient way to ship wasn't necessarily in the vendors' interest. They just passed the freight cost onto the client. Now, the client is able to eliminate the markup and implement carrier compliance.

PowerTMS also made it easier to hold vendors accountable to their production dates. Previously, vendors behind schedule expedited shipments to meet their due date and then charged the freight to the client. With PowerTMS, the client makes the shipping decisions. In addition, the client has also enjoyed an increase in control of inbound raw materials and a tremendous reduction in inventory on hand.

Outbound shipping costs have also been reduced through shipment consolidation and adherence to core carrier programs. In fact, the company has used PowerTMS to reduce direct shipping costs by around 12 percent. In addition, integration to SAP has saved countless hours spent manually entering data. More importantly, improved data management has greatly increased visibility and pushed compliance to desired levels. The client's customers have also seen an increase in customer service.

ABOUT MIQ LOGISTICS

MIQ Logistics, a global logistics company, coordinates the movement of goods across multiple modes of the global supply chain. The experts at MIQ Logistics engineer flexible, cost-effective solutions to give companies improved supply chain control and visibility. MIQ Logistics helps businesses automate and improve shipment planning, optimization, administration, and overall supply chain processes while connecting our clients, their suppliers and the final consumer more efficiently.

