case study

LEARN HOW TLS USED AN INTEGRATED APPROACH TAILORED TO ITS CLIENT'S INDUSTRY SPECIFIC NEEDS SAVING **OVER 16% ON FREIGHT COSTS** PLUS NEWFOUND PROFITS OPPORTUNITIES

the power of relationships

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Pricing
Agreements
Product Classification
Carrier Selections
Freight Invoicing
Freight Audit

Challenges

inbound

Client

A NY based "Mechanical Distributor" with 12 distribution locations and an estimated budget of over $2,000,000.00 in freight expense.

Client Challenges

Pricing Agreements: Both parcel and LTL agreements were competitive, but not for all shipping locations. Each distribution center operated independently with regards to carrier management, freight bill audit and negotiations.

Product Classification: Because both the vendors and distribution centers used a general description of products on the Bill of Lading, the product classification was subject to interpretation, allowing the carrier to apply the highest classification for each product category.

Carrier Selection: Selecting the proper "mode" (parcel vs. LTL) was a problem because of various product types, shipment sizes and weights. Also, in some cases, the vendors would select carriers that were not under contract.

Freight Invoicing: The majority of freight is shipped as "prepaid & add". Our client includes an estimated cost of freight as a line item on their customers product invoice. Unfortunately, the carriers invoice is generally higher than charged to the customer due to reclassification, accessorials, fuel surcharge etc. causing a major reduction in profits.

Freight Audit: Although freight invoices are paid from a central location, the invoices are sent out for approval by the associated distribution centers. The actual audit process was just verification that the product was shipped or received and that a discount was applied.

Solutions

Carrier management: We conducted a comprehensive analysis, established benchmark pricing and established a complete freight management program through our freight consortium & third party logistics provider.

Product classification: We have assigned a NMFC (National Motor Freight Classification) number to each product group on the Bill of Lading to insure accurate carrier invoicing.

Routing optimization: We submitted detailed routing instructions to all distribution centers and implemented an integrated inbound vendor program.

Freight bill audit: Through our freight consortium, all carrier invoices are pre-audited and submitted electronically to include; actual invoices, LTL manifest, image resolution Bill of Lading/Proof of Delivery and a remittance manifest.

Partner Invoicing: We established a program for all freight considered "prepaid & add" to the clients product invoice for the purpose of offsetting internal handling cost and to convert freight logistics into a profit center.

Results

Our client saved over 16% on their cost of freight using our "freight consortium". In addition to the savings, our client is generating over 28% profit from our "partner invoice" program. (Net gain 39.5%)

Contact us to discuss your savings.

Call us at 1-732-719-4624

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