case study

LEARN HOW TLS USED AN INTEGRATED APPROACH TAILORED TO ITS CLIENT'S INDUSTRY SPECIFIC NEEDS SAVING **OVER 17% ON FREIGHT COSTS**

the power of relationships
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Carrier Selection
Pricing Agreements
Bill Payment & Audit
Freight Accrual

Challenges

Client

A NJ based "Electrical Distributor" with an estimated budget of over $800,000.00 in LTL freight expense.

outbound

Client Challenges

Pricing Agreements: Because of the complexities of a typical LTL pricing agreement, i.e. base rates, discounts, minimum charges, accessorial charges, rules tariff, fuel surcharge matrix, direct/inter-line service points, etc., our client couldn't determine if they had competitive pricing with their carriers.

Carrier Selection: The process of selecting the right carrier for each shipment became a serious concern when management started asking "who, what and why"? Who determines the carrier? (Customer service, traffic clerk/manager, client requested, etc.). What criteria was used? (product type, weight, class, pieces, cubic volume, origin/destination, transit time, cost, mode, etc.) Why was a specific carrier selected? (It was the carrier that they always used)

Bill Payment & Audit: The accounting department didn't have the time or resources to go to each carriers website and check the invoice against the carriers rating module, apply discounts, accessorials, etc., so they just used a percentage of the sales revenue to validate for payment. Basically anything close got paid...

Freight Accrual: My client would determine the monthly estimated freight expenditure using a percentage of the total sales revenue. "sometimes they were even close"

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Solutions

Carrier Negotiations: We conducted a complete analysis, established benchmark pricing, developed a detailed RFP (Request for Proposal) to include; business rules, carrier compliance standards, sample shipments, estimated volumes/revenues by region/state, description of FAK applications, tariff specifications and general mandates.

Routing Optimization: We offered the use of our TMS (Transportation Management System) to be integrated into their WMS (Warehouse Management System). During the interim process, we provided a rating module and associated business rules to select mode and least cost provider.

Centralized Tariff: We moved all carriers (new & incumbent) to our 1998 base rates, established 2 year agreements with pre-determined annual increases and implemented an aggressive fuel surcharge matrix.

Auto-rating: Our system offers the ability to select the least cost providers, (multi mode) tender the freight electronically to the carrier, track each shipment and auto-rate electronic invoices from each carrier. In this application, our client is just using our rating technologies and auditing module for payment processing.

Results

Our client saved over 17% on their cost of freight using the incumbent carriers. Note: Our client was offered 24% savings using additional carriers, but remained loyal to the incumbents.

Contact us to discuss your savings.

Call us at **1**-732-719-4624 or

e-mail **info**@AuditSource.net