

Transportation Solutions

enVista, an enterprise and supply chain consulting services provider, partnered with a leading nationwide hardware wholesaler to analyze their current parcel and LTL transportation costs. The client's goal was to maintain current service levels while optimizing overall transportation spend. Utilizing enVista's data-driven benchmarking and LTL freight costing model, the team was able to obtain significant results; providing the client with over \$3.5 million in combined annual parcel and LTL cost savings.

The Company:

This enVista client is a nationwide hardware wholesaler and leading distributor of hardware, signs, keys, accessories and engraving technologies, servicing both big box stores and mom and pop hardware stores. Its core business comes from the sale of more than 2,000 products through 20,000 retail locations worldwide. The distributor's annual revenues have quadrupled over the past 10 years, with 2007 revenue exceeding \$425 million. The company is known in its industry for quality products and outstanding customer service, and partners closely with its customers, creating a hometown business feel, even as a global distributor.

Distribution:

The client's operational infrastructure includes 11 distribution centers for shipping and receiving located across North America, two of which are located in the Midwest. These facilities combined can accommodate more than 5,000 orders and 225,000 lines per day. With a 24-hour process time from order receipt to product shipment, the wholesaler achieves an incredible 97 percent fill rate.

Project Background:

The distributor engaged enVista to provide data analysis on its current transportation shipping profile, to benchmark current carrier contracts and to conduct a carrier profit margin analysis of the LTL portfolio. Based on the analyses, enVista would make recommendations on the most cost effective carrier combinations which would achieve the maximize service and cost optimization. The client's initial LTL carrier profile utilized 23 carriers and its annual LTL cost was nearly \$10 million. On the parcel side, the client used a single parcel carrier and annual charges were \$10 million.

The Opportunity:

Since the distributor was using multiple LTL carriers for their 11 North American locations, it was seeking to reduce LTL shipping costs and to minimize the number of LTL carriers utilized at each facility.

From a parcel perspective, the client wanted to leverage its significant shipping volume with both major parcel carriers in order to obtain optimal cost savings. Ultimately, the distributor wanted to significantly reduce its overall transportation cost, but also maintain required service levels.



The Solution:

enVista's Transportation Consulting team conducted analyses on both current parcel and multiple LTL Contracts. Following the contract review, a thorough analysis of 12 months of shipping data for each shipping location was conducted. A shipping profile, including shippings statistics and trends for parcel and LTL, was developed and provided to the client.

Throughout the contract and shipping analyses, enVista benchmarked the carriers' current pricing in the marketplace, enabling enVista to develop targeted discounts or pricing levels in the Request for Quotation process. enVista's process-oriented negotiation approach included managing the carrier bid process and calculating each carrier's bid response in comparison to current contract pricing. As a result of conducting several rounds of negotiations during the RFQ process, enVista was able to obtain additional optimal pricing concessions from the carriers. Utilizing enVista's data driven shipment cost model analysis and benchmarking approach to contract negotiations, enVista was able to surpass the desired end results for the client.

Results:

enVista's proven transportation analysis and negotiation methodologies provided this client with over \$3.5 million in combined annual parcel and LTL cost savings. By reducing the number of carriers and improving operational considerations, enVista was able to go above and beyond what was asked for by the client in terms of savings and improved efficiencies.

For more information
on enVista's Transportation
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