

An Ark Transportation White Paper

LTL & Truckload Solutions for an Industrial Manufacturer



Executive Overview

A major manufacturer of industrial machinery for the plastic extrusion industry wanted to increase efficiency in their LTL and Truckload shipping operations as well as find cost savings for their inbound shipments. Ark Transportation's Supply Chain Solutions and Operations team is focused on understanding a company's logistics processes and identifying efficiency while reducing costs. The following sections will show how Ark accomplished the objectives laid out by the customer.

Section Overview:

This white paper will cover the following areas:

- Operational Goals and Challenges
- Company Freight Overview
- Research Processes and Data Analysis
- Designed Solutions
- Solution Implementation
- Challenges
- Outcomes



Operational Goals and Challenges

The company's main goals and challenges were as follows:

- Leverage their freight volume to maximize their shipping discount.
- Find a shipping partner that would not simply take orders but would alleviate the burden of selecting the right carrier for each shipment, help solve shipping and supply chain problems as they arise, and minimize their direct communication with carriers.
- Increase communication and reporting with their logistics partner.
- Develop reports to monitor key performance indicators of shipping metrics including on-time delivery, exception management, and savings.

Company Freight Overview

The company's domestic annual freight spend on average is approximately \$1M dollars and the freight profile is as follows: 75% LTL (inbound and outbound), and 25% Full Truckload.

Most of the company outbound freight is industrial machinery and does not fit on a standard skid size. The freight rides with assigned NMFC numbers and subclasses for each piece.

Research Processes and Data Analysis

The following processes were used to understand the strengths and weaknesses of the company's shipping operations.

- Past Shipment Review
- Lane Volume Analysis
- Carrier Review
- Pricing Reviews
- Common Shipping Issues



Past Shipment Review

By performing a review of past shipments, Ark was able to get a better understanding of where customers and vendors were located and how their freight was moving. Ark found this company has customers throughout the United States, but its main customers and vendors are heavily concentrated in the Midwestern U.S.

Lane Volume Analysis

After examining 12 months of past shipment, Ark ranked common shipping lanes by volume of shipments. Ark then calculated total volume moving in and out of each of their main shipping regions by actual weight and dimensional weight. This provided a clear picture of how freight was moving and which shipping networks were being utilized for each type of shipment.

Carrier Review

When discussing the customer's previous carrier relationships and contracts, Ark was asked to avoid using any carriers they currently had picking up or delivering.

Pricing Reviews

Using past invoices of their previous carriers, Ark was able to study actual lane costs based on the following: pickup/delivery locations, dimensional weight, actual weight, service level requested, pick/delivery appointments, industry trends, and any accessorial services requested by the shipper. After gaining a full understanding of past shipment costs, those rates were compared to the rates Ark had in place to identify where saving could be found. Ark found that in lanes to the New England region and lanes to the West coast significant savings could be had. Moderate savings were found in nearly all other lanes.

Common Shipping Issues

The common issues this company had with previous carriers were the following:

- Lack of communication from carriers regarding customer service issues that would arise.
- Missed pickup or deliveries.
- Damaged freight.

Designed Solutions

After getting a full picture of the current LTL and Truckload shipping operations, Ark presented the following solutions:

- To alleviate working with multiple carriers and managing different processes, Ark would become the primary carrier. This would create a single point of contact for the company and give Ark the responsibility of managing any and all carrier relationships.
- Utilizing Ark's already established carrier base, the company could combine their freight leverage with Ark's volume and explore the best carriers to fulfill their most used lanes.
- Due to the volume of daily shipments moving out of their warehouse, Ark would arrange a trailer to be dropped off, so it could be filled as needed and picked up when full, eliminating the bottle neck of trying to load multiple carriers at the same time of the day.

- Improving rates by leveraging Ark's carrier contracted rates for all inbound shipments.
- Utilize Ark's Transportation Management System to give the customer a portal to book and track shipments.

Implementation Steps

To implement the designed solutions, the Ark Operations Team first introduced themselves to the shipping and receiving department and worked with them to develop a realistic time frame to begin.

Ark then began contacting partner carriers to start the process of negotiating better rates to be passed to the customer.

When Ark began handling shipments, the team started with a small number of shipments to ensure they understood the daily shipping processes of the customer before ramping up to handling all shipments.

The next step was to secure a trailer to be dropped at the customer's location where they could load daily shipments off their dock as needed.

In the final implementation step, the customer directed their vendors to contact Ark for any high-priority inbound material.

Implementation Challenges

During the implementation process the following challenges arose which needed solving:

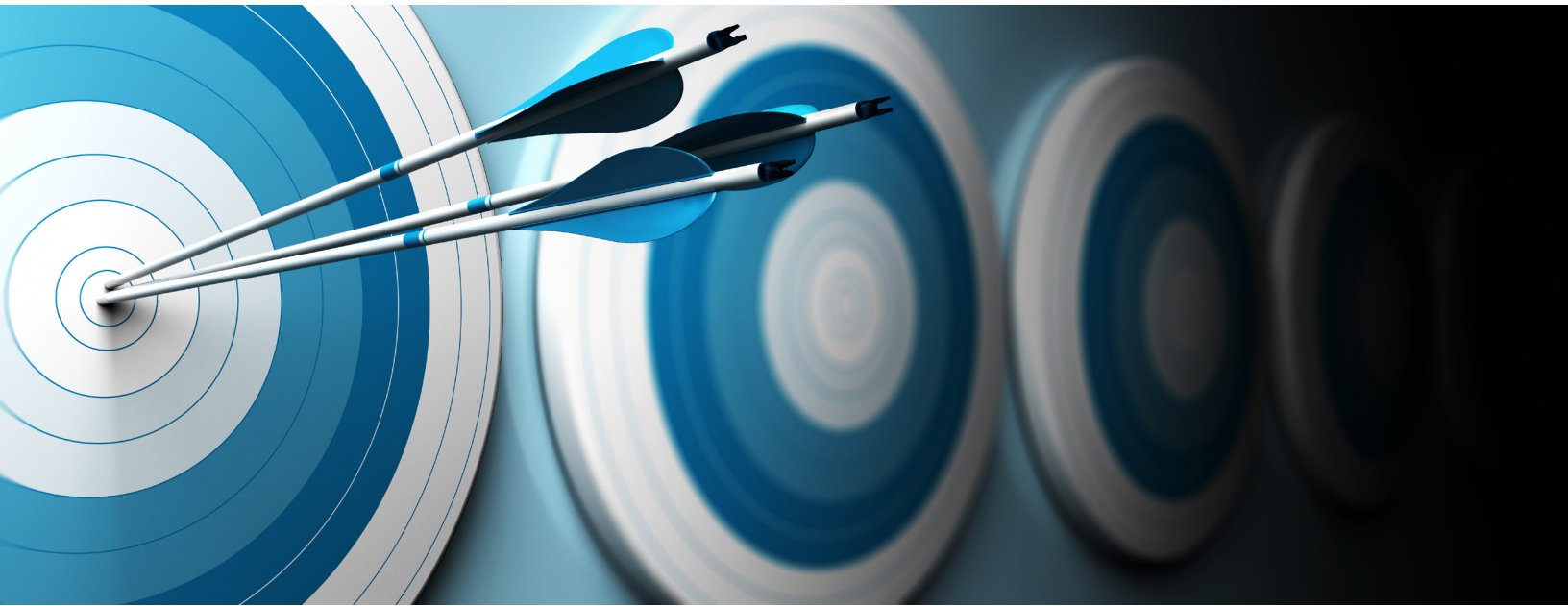
- Learning daily volume fluctuations for inbound/outbound moves and protocols for busy vs slower days.
- Adapting carriers to late day pickup requests outside the industry standard 3-hour time frame.



Results Highlights

After overcoming the challenges and implementing Ark's solutions, the shipper had the following results:

- An 11% savings on all inbound LTL moves that resulted from better understanding the shippers needs and matching loads with the right carriers, leveraging their freight volume to negotiate rates and avoiding upcoming general rate increases.
- Streamlined processes for both inbound/outbound shipments utilizing Ark's Transportation Management System (TMS) to easily schedule and track shipments.
- Eliminated loading bottlenecks and increased flexibility in warehouse operations by arranging a drop trailer at the shipper's location.
- Created confidence in the customer's supply chain by serving as a partner to assist with current and future logistics challenges.
- Continued to meet on-time delivery expectations for inbound and outbound shipments.



Need Logistics Help?

Contact Ark at (800) 536-6088, Online at arktransportation.com or via Email info@arktrans.com

