



Transportation Case Study

Global Supply Chain Practice

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CBRE
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Problem Statement

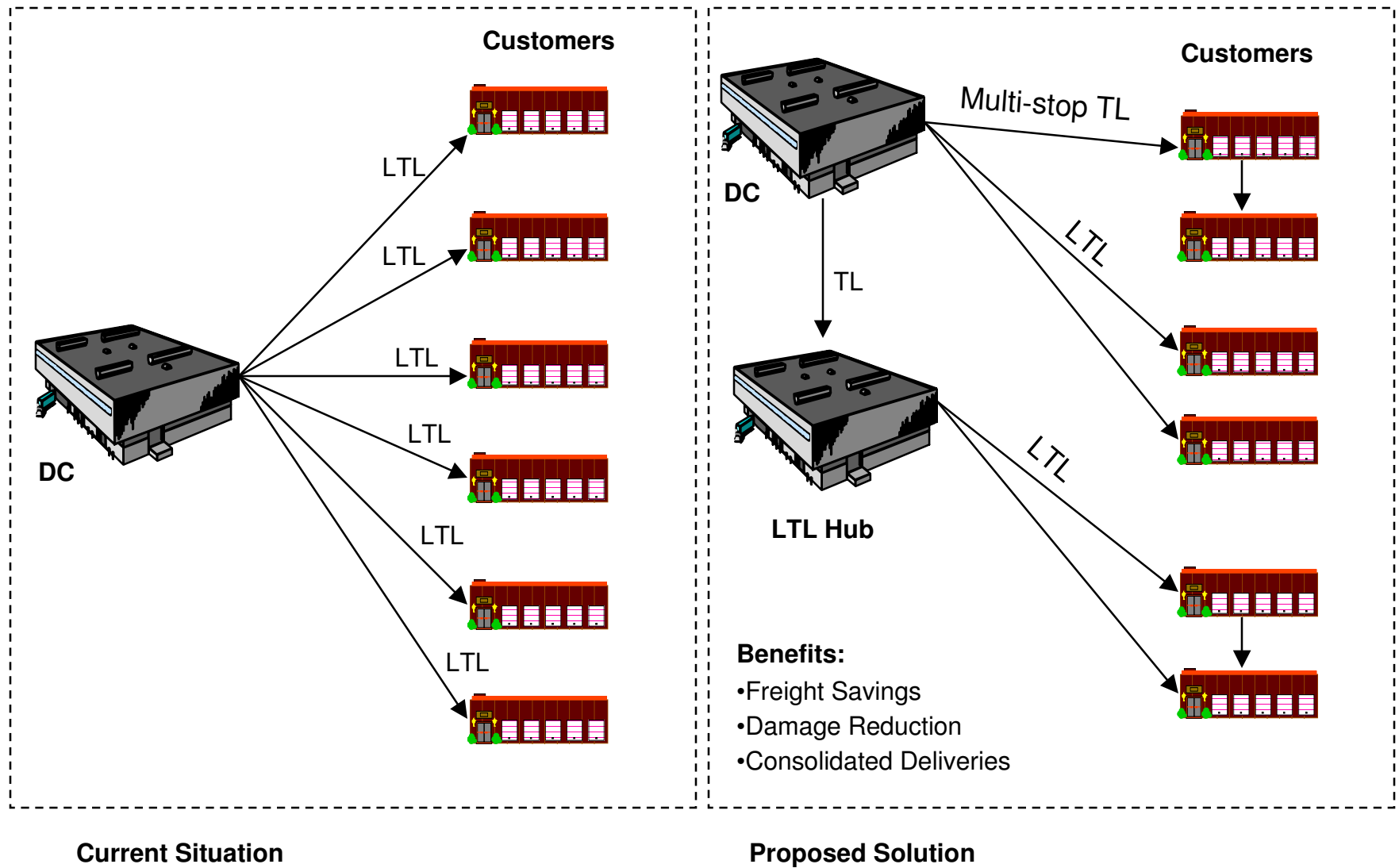
Current Strategy

- The current transportation strategy was one customer, one order, one shipment which equated to a 100% LTL type shipments with the following profile:

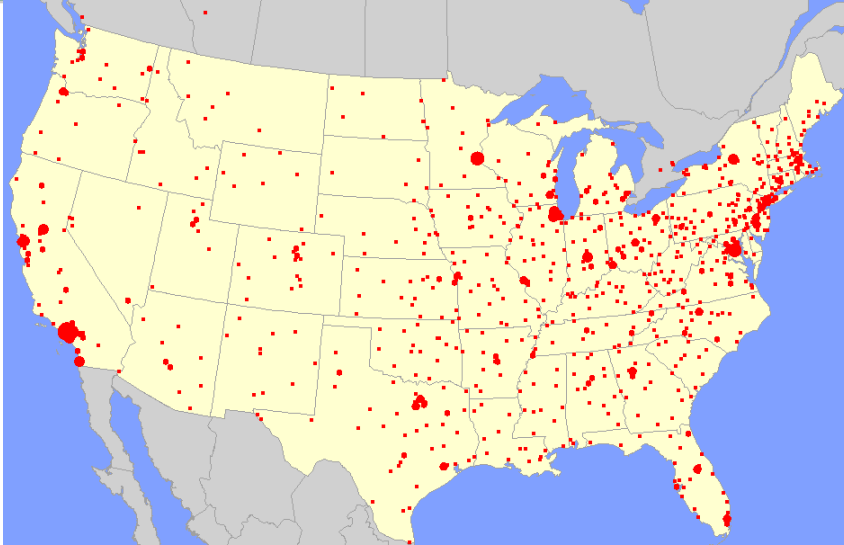
Orders	163,024
Pounds	135,036,082
Loads	163,024
Miles	97,541,114
Cost	\$15,909,560

- Statistics:
 - \$97.59 / Load
 - 828 lbs / Load
 - 598 miles / Load
 - \$0.117 / lb

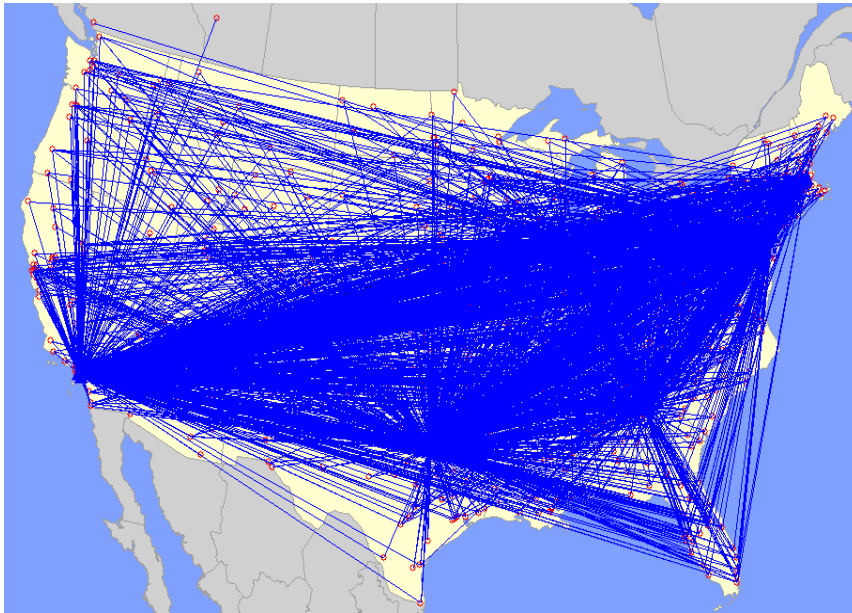
Conceptual Design



Current State Shipments and Flow



This depicts the customer locations and the density of demand which is represented by the size of the dots.



This slide depicts the current flow of shipments from the origin ware to the end customer.

Results

Proposed Strategy

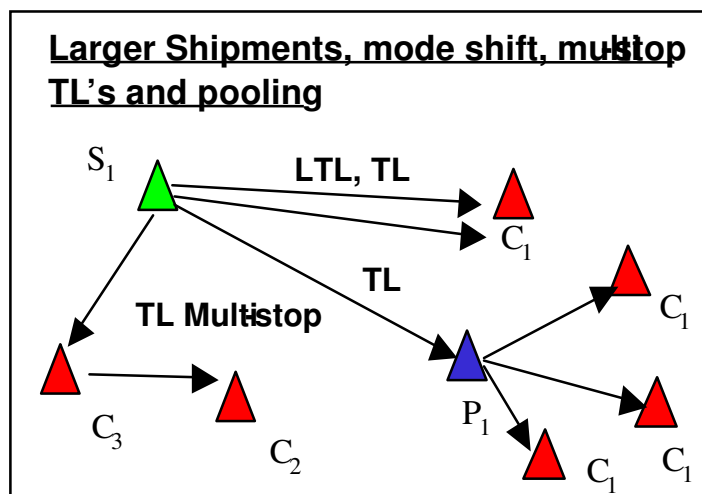
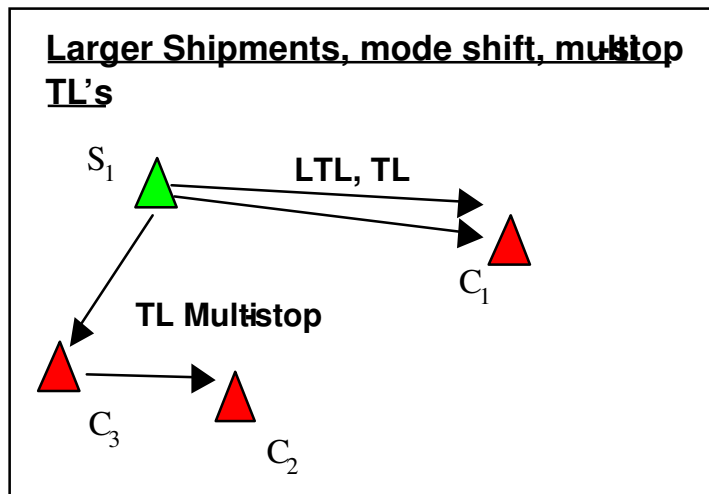
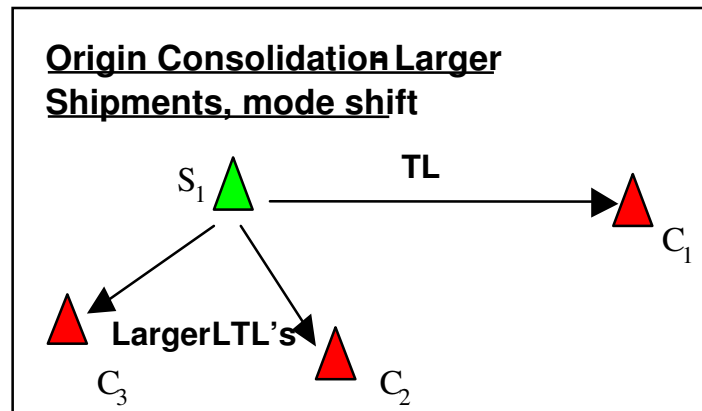
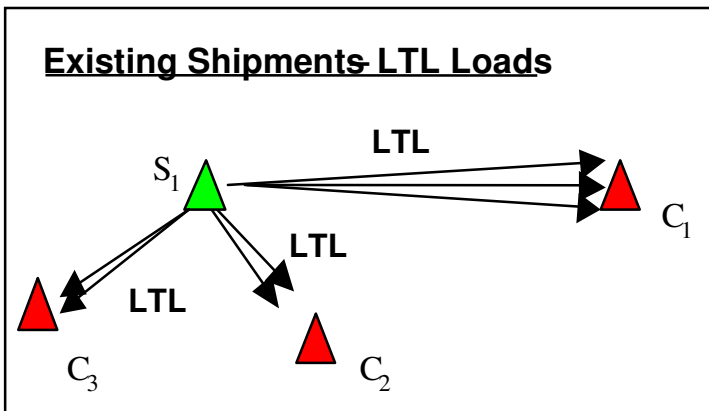
- Origin consolidation – Same origin and destination pair (80% of the opportunity) and multi-stop truckloads (20% of opportunity):

Orders	163,024
Pounds	135,036,082
Loads	129,122
Miles	82,512,040
Cost	\$14,174,440
Cost Savings%	11%

- Statistics:
 - \$109 / Load but a 20% reduction in loads
 - 1046 lbs / Load
 - 639 miles / Load
 - \$0.105 / lb 11% reduction in cost/lb

Transportation Consolidation Strategies

Below is a sample of the types of consolidation strategies to evaluate given the operational and customer service requirements.



S = Shipper
C = Consignee
P = Pool Point

Typical Consolidation Opportunity by Industry

Industry	Transportation Spend – Freight Evaluated	Consolidation Opportunity
Automotive – Tier 1 Supplier	\$13 Million	19%
Consumer Electronics company	\$40 Million	9%
MRO Supplier – Industrial Supplies	\$65 Million	13%

Typical opportunities for consolidation range from 5 to 15% in cost reduction. This cost reduction range is achieved through the freight that is actionable or able to be consolidated.

Constraints that drive consolidation opportunities:

- Business Hours
- Equipment capacities
- Visibility of orders and ship time allowance
- Ability and capacity to hold orders that will be consolidated
- Freight mix – Products that can/cannot be combined
- Customer co-mingling – Customers that have constraints that don't allow combining with other customer freight