TRANSOLUTIONS CONSULTING

Insourced Carrier Selection & Validation

Case Study

CHALLENGE

As much as you think your vendors have your back and are looking after your interests, inevitably, that attention drops over time and your rates go up.

SOLUTION

- ⇒ Tender comprehensive RFPs
- ⇒ Utilize other optimization efforts to drive down costs
- ⇒ Monetize freight and create profit center for business

RESULTS

- ⇒ Millions in savings
- ⇒ Better alignment of carriers
- ⇒ Technology enhancement
- ⇒ Greater visibility of freight
- ⇒ Satisfied customer for life

Move from Vendor Managed Freight to Common Carriers saves over $2M annually

The Client

This US based franchise pizza chain had stores in more than 25 countries and territories, including in each of the 50 United States. As the fastest growing pizza chain in the U.S., there are over 5,400 locations worldwide.

The Challenge

Our client did not have an internal supply chain team. The procurement team was focused on product, and getting goods to franchisees with a focus solely on product cost, not freight, as it was a pass-through to the franchisee.

Vendor Managed freight is where your suppliers handle the distribution of their product to your warehouse and charge you back for freight. However, this isn't a simple pass-through as there is often a mark-up on the freight, and a significant cost increase when markets shift. This is due to the supplier having their favored carrier, and using them no matter the cost to your client.

This was obvious after our initial assessment identified over $2,000,000 in potential savings through rate negotiations and service and mode optimizations with common carriers.

The Solution

Our extensive benchmarking process identified that managing a truckload RFP and flipping from vendor managed to common carriers would increase reliability and visibility, while also generating a seven figure savings to the business.

We found by utilizing regional smaller asset based carriers for short haul runs and aligning lanes to larger national carriers provided complementary freight which yielded lower pricing. This also created an opportunity to continue to pass-through the vendor managed rates to franchisees and capture 100% of the savings for the corporation.

Rate reliability was increased as contracts were for 12 months, where previously vendor managed rates changed monthly and without warning. This created a headache for tracking rates against market, and keeping up with the chargebacks to the franchisees.

In addition, we were able to help facilitate implementation of a new TMS for shipment tendering, and created a waterfall system with backup carriers to ensure all freight arrived on time and within budgeted costs.

These efforts continued for over 4 years, balancing new lanes between common carriers and vendor managed freight, working with a satisfied customer who relied on us to be a supplement to their internal procurement department.

For more Information please visit

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