

CASE STUDY

PROJECT SPECIFICATION

Transport costs optimization
(The UK / Belgium)

INDUSTRY

Consumer goods / Toys segment

SCENARIO & GOAL

The client, subcontracted all European logistics activities to 3PLs, indicated unacceptable logistics costs trends (mainly freight out), related to 8 west European countries. After performing an initial data analysis and process overview it was agreed to focus internally on processes identified as the biggest costs drivers, and externally to do the same step at logistics providers, with secondary effect to support process improvement and costs negotiation with the subcontractors. One of the challenges was high seasonality level of the market segment, highly influencing shipments structure (high / low season changes possibly in hundreds of per cent).

The goal was to overturn the 1st half of year trends and get transport costs element back to budget, as well as to bring new ideas how to push them even more down, all that in accordance with business strategy of the client.

PROJECT OUTCOMES

- efficient freight invoice checking tools brought to the process (able to check random number of lines against agreed transport tariffs)
- agreed changes at freight invoicing by 3PL (shipments consolidation)
- renegotiated unloading slots booking process with 3PL transport planning dept., focusing on the main costs driving customers
- established improvements at 3PL transport planning in order to utilize benefits offered by parcel / courier freight
- reviewed and balanced / decreased shipments frequency
- 13,8% freight out costs decrease achieved (measured as costs per cbm previous vs. current year), having indicated savings in hundreds of '000 € if the client should ship out current year volumes for last year's costs per cbm
- service level / on time delivery indicators have not been decreased

