



Foreway

WHITE PAPER

Bissell, Inc. Streamlines Supply Chain with Vendor Connect

Manufacturer Cuts Inventory, Reduces Freight Costs by 33% with Coordinated Inbound Management

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Vendor Connect

- Same Day Delivery
- Carrier selected by Bissell
- Negotiated truckload rate paid by Bissell
- Single delivery
- Staging only

Re-engineering the supply chain is somewhere in the strategic tool box of virtually every forward-thinking logistics professional in corporate America. For some, it's high on the list of things to do; for others it's already a worthy accomplishment. Yet for most manufacturers, true supply chain management is an intimidating task that is cumbersome to tackle because it often requires too much change on behalf of too many people.

But is supply chain management an all or nothing task? Or can incremental improvements be implemented that will yield significant results, paving the way for additional gains in productivity and cost reduction? In the case of Bissell, Inc. and Foreway Transportation, the answer came in the form of Vendor Connect.

Starting Just In Time

Bissell, Inc. is a leading manufacturer of floor sweepers and cleaners. With the success of the company's expanding consumer product line into national chain stores came the challenges of growing inventories required to supply three shifts at its Walker, Michigan production facility. Hoping to identify a means of reducing inventory while assuring adequate production supply, Bissell's purchasing and traffic teams began interviewing carriers to discuss the logistics associated with a Just-In-Time program. What emerged was Vendor Connect, a Foreway Transportation program that not only reduces inventory, but reduces transportation costs as well.

A Creative, Cost-Effective Solution To LTL

Just In Time is typically a tightly scheduled LTL program entrusted to a dedicated carrier or company truck. The focus is on-time delivery; cost is secondary. But the downside to JIT — increased frequency of smaller shipments — is twofold: higher transportation costs and increased paperwork, personnel requirements and dock congestion. The management team at Foreway Transportation proposed a creative solution — consolidate the LTL by a daily 'sweep' of vendor shipments onto one Foreway trailer, with a single delivery to Bissell.

"We went into this whole process believing that the improvement in production and inventory control would cost us more for what is basically custom transportation costs," says Jerry Postema, Bissell Traffic Manager. "In actuality, we have reduced our transportation costs by a third, along with our inventory carrying costs (see chart). Plus, we have less congestion, paperwork and handling. Quite frankly, it's like having our own truck fleet without the headaches."

How Vendor Connect Works

Working closely with Bissell production planners, Foreway coordinates a daily sweep to different points in the Midwest, picking up from multiple vendors the required production materials for the following day. Different cities are swept on different days; Chicago area on Monday, Cleveland on Tuesday, etc. There may be four different loads on one trailer. Even though Bissell production is planned two weeks in advance, there can still be numerous changes in the daily scheduling, enough to warrant a high degree of communications between Foreway, Bissell and Bissell vendors. Foreway dispatch is given 24 hour notice if pick ups will differ from those on normally scheduled route. The sweep is made during the morning; Foreway returns to Bissell for a scheduled 9 p.m. delivery.

Transportation Becomes A Critical Path

Vendor Connect has elevated transportation services in the eyes of Bissell management from a cost-based commodity to value-based order fulfillment system.

"Transportation was never really considered part of the critical path in our manufacturing process," said Bissell Senior Buyer Tom VanderVoord. "When I first came on board, we had upwards of ten days to 2 weeks of production inventory on hand. We are now down to 48 hours. We have always, in effect, had responsibility for freight because we have always paid for it. Now, we're simply saying 'If we have the responsibility, then we want the control.'"

Good For Carrier As Well

"We see Vendor Connect as a way to add value," said Pam Hassevoort, CEO, Foreway Transportation. "Any time we can market not only our equipment and personal, but also our expertise in a way that creates value for our customers is a direction we want to take. When we partner with a progressive company like Bissell, one who steps back and asks 'How can we make this work, how can we do this better', then we are able to distinguish ourselves by our service. It's a win/win situation; there is no reason why more companies shouldn't be handling their inbound in the same fashion."

Partnership Flourishes At All Levels

Along with the benefits of cost-reduction and improved production, camaraderie among Foreway, Bissell, and its vendors is high. What began as a partnership on a strategic level between Bissell has evolved into a partnership between all the personnel involved – production planners, shipping and receiving personnel, dispatch and drivers.

"Foreway has grown from one of our carriers delivering individual shipments to our core carrier responsible for order fulfillment," continues traffic manager Jerry Postema. "Everyone is well acquainted with our mission and with each other. They're all working together as a team. This is especially important in a business such as ours, being a family of sorts. It's consistent with our overall company culture."

Compared to traditional replenish processes, Vendor Connect offers significant benefits:

- Lower overall costs in total cost perspective: inventory carrying costs, transportation, administration, and production downtime
- Eliminate claims from multiple handling/transfer
- Better utilization of facilities by converting warehousing to productive space
- Higher-quality, more profitable production resulting from shortened cycle times and fewer stock-outs
- Support the manufacturing flexibility and agility required for producing-to-demand
- Improved core carrier relationship, resulting in improved transportation services and problem resolution
- Benchmark performance against higher standards for complete, on-time order fulfillment

Foreway Transportation, Inc. provides customer-specific carrier services designed to help clients better manage their inbound and outbound logistics for increased transportation efficiency.

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When We Commit, We Cover.