



Foreway

WHITE PAPER

Interior Door Manufacturer Transportation Costs Reduced 11%

Foreway Transportation Management Services Helps a
Prominent Interior Door Manufacturer Achieve Significant
Financial Return on Transportation Spend

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Foreway's client is a division of the world's leading manufacturer of windows and doors. The division manufactures interior doors for the residential construction and big box markets. The company specializes in highly efficient, competitively priced on-demand production. To guarantee prompt delivery, the client marries freight scheduling to a 72-hour production schedule. Orders received are produced and loaded on trailers within 72 hours. The client's cost-conscious schedulers historically tried to manage transportation spend by leveraging rate competition among up to 14 carriers. They also managed their own fleet as an in-house function.

When the division was acquired, the new parent company instituted some operational changes. The parent company required that the divisions use a single-source carrier to simplify transportation management. Foreway was invited to join competitive bidding.

Applying their experience as a 3rd party logistics firm, Foreway pointed out that single sourcing the Foreway fleet — or any fleet for that matter — would raise costs drastically. No carrier serves all lanes with equal efficiency or cost effectiveness.

Foreway proposed that two aspects of single-sourcing tend to hike transportation costs. First, single-sourcing doesn't allow a shipper to stay in touch with the marketplace without managing a costly annual carrier bid event. Second, carriers do not approach pricing to be competitive in all 48 states. Each carrier concentrates service in areas of the country and they price competitively to those lanes and less competitively on areas they do not frequent.

Foreway suggested a review of the client's freight invoices to ascertain a benchmark of their current rates and the quality of the client's load building and routing and carrier selection. Foreway would perform this service to determine if the client was better served with a hybrid Transportation Management Service that would utilize the Foreway fleet and Foreway's carrier partners. The account goals would entail improved and optimized loading, managing and routing carriers and reduced transportation costs.

The parent company, a national firm with logistics experience, was open to Foreway's suggestions and approved the proposal. Foreway began work as a 3PL in December 2004, guaranteeing on-time delivery by using the best carriers for the client's lanes.

Key Deliverables

From the outset, the client's situation presented numerous savings opportunities.

- Expedite avoidance through load consolidation — Production routinely filled next-day rush order for their customers. These orders involved too much product for a single truck but too little to fill a second. Guaranteed and expedited LTL loads were costly. Foreway consolidated these orders with other outbound partial truckloads to avert these costly charges.

Eliminating expedite costs of \$100 to \$500 per load saved the client nearly \$52,000 annually. Foreway achieved these savings by utilizing empty trailer space and consolidating their shipments with Foreway's pool of freight.

Trailer cube utilization was increased by 9% - Based on nearly 700 freight hauls, the cost reduction averaged \$67 per load.

- Improved route planning — Foreway achieved savings through automated routing. The client did manual route planning

Route planning saved the client nearly \$50,000 or 5% of freight spend in the first year of operation.

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- Eliminated Private Fleet and one supervisory position –The client was able to remove their trucking fleet assets from the books while eliminating one position from its staff and the restructure of another staff position that was no longer needed in the transportation department.
- Client **outperformed other interior door divisions by 1 to 4%** - Previously they were the highest cost to ship division. Within 6 months of implementing Foreway's 3PL program they lowered their freight as a percent of sales by an average of 3% per month.
- Key metrics – Overall the client's average cost to ship each door was reduced to \$0.93 per door. Some states were reduced as much as 50%.
- Improved client's transportation relations- Foreway compiled an extensive database of the client's customers, including relevant contacts, correct delivery locations and hours of operation. This was superior to what the client had in house and has made relationships stronger and more efficient, eliminating multiple carrier drivers calling for directions and receiving hours.

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

When We Commit, We Cover.

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