

CASE STUDY

Reducing costs with TMS-driven LTL consolidation

Facil: Now averaging a 12% annual cost avoidance in its LTL shipment spend

As a critical supplier of fasteners for the automotive and commercial vehicle manufacturing industries, Facil understands the importance of disruption-free supply chains. Its products—quite literally—hold global mobility together. However North American transportation operations were hampered by a lack of visibility to its inbound shipments and historic lane data that resulted in higher costs and less efficient operations.

Facil's supplier network plans and tenders between 150–200 less-than-truckload inbound shipments per week, as well as about 40–50 inbound full truckload shipments. Prior to implementing the Infios TMS, the company was not using any transportation management software and each supplier used Facil's static routing guide to tender manually to carriers that were selected based on geographic location.

This manual tendering process lengthened the amount of time needed for tendering as suppliers would have to contact the carrier for each individual shipment, and often required multiple emails or calls per shipment. The process also led to higher costs for Facil as its manual routing guide did not factor in shipment cost to determine the lowest-cost carrier.

At a glance

Challenge

Lacking a transportation management software solution, Facil's transportation operations were bogged down by cumbersome manual tendering processes that were slow and resulted in escalating costs for its LTL shipping operations, increased workloads for its suppliers, and no visibility into inbound shipments.

Solution

Facil integrated API-based LTL rating information with the Infios TMS to automate tendering and reveal areas of cost savings while increasing visibility to inbound shipments.

Results

Equipped with real-time location data and current, market relevant rates, Facil has taken a data-driven approach to operational decision making that has improved both supplier and internal workflows, reduced LTL transportation costs, and increased operational efficiency.



Fuel consumption and total mileage are reduced by combining multiple LTL shipments into a single truckload and overall shipment costs are further reduced with consolidation.

TMS enables greater rate transparency and cost savings

To address these issues, Facil's North America transportation manager, Mike Petric, began searching for a solution that could automate many of the company's manual transportation processes—both for its internal users and for its supplier network—as well as provide real-time, lane-specific rates to incorporate into its routing guide.

The solution was the Infios TMS integrated with LTL pricing data. This combination allows Facil's supplier network to log in to the TMS and automate the tendering process and selection of the lowest-cost carrier based on current rates available through LTL rate APIs.

Once the solution was fully implemented, Facil was able to analyze its historic LTL shipping rates from legacy carriers in comparison to the real-time rates being offered by a larger carrier network. The company discovered it was paying higher-than-market rates by limiting its carrier selection solely based on geography. By changing its tendering strategy to prioritize the lowest-cost carrier for each shipment, Facil is now averaging a 12% annual cost avoidance in its LTL shipment spend.

In addition to cost savings, Facil has improved its workflow efficiency with an automated tendering process. Supplier users no longer need to contact a carrier every time a shipment is ready to be tendered. Internal users also see workflow improvements thanks to the control tower, at-a-glance view of shipments in transit through the TMS. Once logged in, system users can immediately see which shipments may be at risk for late arrival and take appropriate actions such as tendering the shipment to a new carrier or shifting labor plans at receiving facilities.

Efficiency gains beyond transportation operations

The benefits of streamlined operations extend beyond Facil's transportation department. As a just-in-time operation, Facil maintains very little safety stock of critical materials and supplies. Instead, it relies on continuous replenishment of those items from its supplier network. In this environment, a late delivery of material could potentially cause production slowdowns or shutdowns that have dramatic financial consequences. With the implementation of the TMS, Facil's material planners have been able to more closely monitor supplier shipment volumes to ensure that sufficient material stocks are maintained and avoid the disruption and expense of costly "line down" situations.

In addition to ensuring its transportation operations run smoothly, Facil maintains a focus on sustainability with the goal of reducing carbon emissions. To help with both, Facil uses the Multimodal Optimization software module for its TMS to identify shipment consolidation opportunities. The benefits are twofold. First, fuel consumption and total mileage are reduced by combining multiple LTL shipments into a single truckload. A single truckload shipment then delivers directly to its final destination versus smaller LTL shipments flowing through a hub and spoke network. Secondly, Facil is further reducing its overall shipment costs with consolidation, equating to a win for both its bottom line and the environment. To learn more about Facil, visit the company's web site at www.facil.be.

ABOUT INFIOS

Infios provides powerful transportation management solutions proven to be a competitive advantage for today's most successful shippers, 3PLs, freight forwarders, brokers, and carriers.

Through the continued release of innovative, results-driven technology and a commitment to making customers successful, Infios delivers exceptional value for TMS users through improved productivity and operational efficiency.

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