



A Comprehensive Look at Transportation – Active Management Required!

A paper company operated multiple mills on a decentralized basis – the mills making their own sourcing arrangements for truckload and rail transportation. There were no common practices or visibility at the corporate level. Costs were increasing while performance and quality were declining. A comprehensive effort was required to improve the maturity level of the transportation process area.

SITUATION

The company did not have a formal go-to-market program. Each mill did their own sourcing and purchasing based on local needs. There were no templates, tools, or best practices, and very little documentation to guide the teams. Each event was a bespoke effort.

The corporate team had little visibility into the mill operations and struggled to assess true costs and profitability at the company level.

Communication and collaboration was underdeveloped at the company level and inter-mill cooperation was minimal.

Transportation management and routing was manual using spreadsheets and many rate sheets were out of date – reconciliation was a nightmare.

Transportation providers were geographically “fixed” and did not consider the freight to be a winning prospect.

SOLUTIONS

Created an aspirational transportation model: Partnering with the corporate and local teams, developed a “to-be” model to work towards. A common, center-led, set of best practices was implemented and trained that delivered accountability and visibility while preserving local ownership and innovation.

Built a spend cube and go-to-market package: Working with all stakeholders to ensure alignment, the team built a first-time comprehensive spend cube and GTM set of documents, templates, and data collection and assessment methodology.

Ran a sourcing event and multi-local supplier summits: Developed and ran the standard playbook, transferring knowledge to the client on the move.

Trained client on network modeling process and tools: Worked with client to select tool and trained a key resource to operate it to provide decision support.

RESULTS

Transportation Management Operating System: Delivered a comprehensive set of documents, methodologies, business rules, and guidelines – Reducing input cost and rework by **30%**

Transportation Tools and References: Created new rate-sheet structure and **12-tier routing guide** for each lane. Trained and empowered a network optimization capability and resource at corporate.

Supplier Relationship Management Program: Created and implemented a robust SRM program with templates, goals, and annual innovation requirements – driving **10% annual commitment**.

Transportation Cost Savings: Generated **\$3.55M in annualized cost savings** representing a **15.75%** improvement over baseline spend through the GTM effort, rail optimization, mode shifts.

The engagement and client team delivered a 15.75% improvement by taking an active management approach – an annualized value of \$3.55M to EBITDA