

# FLOOR COVERING MANUFACTURER

## GLOBAL STRATEGIC SOURCING

### SPOTLIGHT

Gibson Consulting helps clients meet the changing needs in transportation and logistics to meet economic demands.

### CHALLENGE

Rising transportation costs due to demands of an increasingly service-oriented customer base.

### EVALUATION

The Gibson team gathered and analyzed the client's supply base and current transportation costs. Potential savings opportunities were uncovered and various technical and organizational issues impeding cost-effective performance were identified.

#### The Gibson Team

- Conducted interviews with cross-functional transportation and facilities management teams and gathered extensive data to benchmark costs
- Identified opportunities to work with supply base and railroads to improve efficiency on inbound raw materials
- Uncovered management gaps in the client's information availability, freight audits and pay procedures, and transportation management sourcing and process
- Created skill-based training, project work plan, and timeline to realize savings
- Performed a detailed end-to-end supply chain diagnostic to map out current state of network



## RESULTS AT A GLANCE

**\$20 MM+**  
IN REALIZED SAVINGS

**60%**  
REDUCED CARRIER BASE

ESTABLISHED CLEAR METRICS  
TO EVALUATE OUTSIDE  
CARRIER PERFORMANCE

STREAMLINED PROCEDURES  
FOR LOAD TENDERING,  
SHIPMENT TRACKING,  
INVOICING, PAYMENT, AND  
AUDIT

RESTRUCTURED NATIONAL  
LTL PROGRAM TO TAKE  
ADVANTAGE OF REGIONAL  
PROVIDERS SAVING >30%

## APPROACH

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To take advantage of cost-savings opportunities, Gibson implemented a strategic sourcing project targeting five specific transportation categories, including truckload, LTL, intermodal, small package, and rail.

- Outlined data requirements and other issues relevant to transportation provider negotiations
- Revised transportation department organizational structure and advised on job descriptions and qualifications
- Trained client teams in negotiations to ensure sustainability of improvements
- Challenged existing trailer specifications to expand truckload supply base, leading to additional savings
- Using a CPLEX analysis tool, VMG developed an optimal (yet realistic) network design-yielding hub and spoke models

## RESULTS

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Cost savings were achieved by reducing the client's carrier base and improving the management of transportation service providers. Ongoing cost reductions will be sustained by the new organizational structure, which has increased the awareness of transportation issues among management.

- Realized over \$20 million in savings
- Reduced carrier base by 60%
- Established clear metrics to evaluate outside carrier performance
- Streamlined procedures for load tendering, shipment tracking, invoicing, payment, and audit
- Restructured national LTL program to take advantage of regional providers saving >30%
- Network optimization yielded nearly \$5 million in cost savings

