



## Industrial

### Centralized Transportation Management Drives Efficiency, Control at Global Paper Packager

***Transportation management services deliver reduced cost and improved management control & decision making to global company***

#### SITUATION

A major manufacturer of paper packaging, including six-pack cartons for beer and soft drinks, had outsourced much of its transportation to multiple modal providers, while continuing to internally manage a portion of its eight-figure transportation spend. Doing so was a necessity in a high-volume, low-margin business in which logistics efficiency is essential. But providers weren't integrated, causing inefficiency across the supply chain. Problems:

- Using multiple, non-integrated third-party logistics providers (3PLs) inflated administrative overhead.
- Third-party providers' integration challenges limited inventory pipeline visibility, creating significant unproductive work on billing reconciliation.
- Lack of process controls allowed internal groups to select costly delivery options.
- Cost-saving opportunities were missed because of the lack of a single transportation management system (TMS).

#### SOLUTION

Kuehne + Nagel subsidiary USCO Logistics was chosen to operate a consolidated transportation management function across modes. Working closely with the customer, Kuehne + Nagel took the following steps to improve service and control costs:

- Established a central transportation control center (TCC) to leverage resources and reduce overhead.
- Created process by which the TCC reviews all customer-service originating exceptions – such as order changes – to determine the most economical delivery modes.
- Consolidated carriers to improve service and leverage spending volumes across fewer partners.
- Employed Kuehne + Nagel's TMS to select "least-cost" mode and provider. TMS capabilities provide
  - Decision-making algorithms to allow mode shifting without compromising service levels.
  - Automated electronic transmission of load tenders and order-for-service agreements via e-mail or fax, while maintaining a database of all freight movements, allowing prompt, customized shipment reporting.
- Established auto-pay system to address invoicing discrepancies. Reports are audited and reconciled.
- Provided management with real-time visibility of all product movement across carriers, as well as detailed performance reporting.

#### RESULTS

With Kuehne + Nagel as its prime logistics partner, the customer streamlined and simplified its transportation management. Bottom-line improvements:

- Reduced cost. Kuehne + Nagel helped reduce costs by more than \$1 million through carrier rationalization, reduction in unwarranted expedited shipments and rate negotiation that reduced or held rates for the term of the initial contracts.
- Improved management control and decision-making. Integrating carrier reports provided the customer with comprehensive, accurate data on lane analysis, cost-per-lane analysis and lane-capacity analysis by carrier, as well as cost and service by lane, customer, origin location and day of week.

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