



Corporate Management Group

## CASE STUDY

American manufacturer of lightweight products, with multiple locations and customers throughout the U.S.

### OVERVIEW

This Client's Supply Chain is connected and driven by the multiple avenues: inbound from vendors, outbound to customers, Inter-company to other facilities before heading to customers, third-party shipments (shipments that didn't start or end with the client), third-party incorrectly billed shipments .

### RED FLAGS

- × Multiple carriers were being used across all locations.
- × No standardized pricing.
- × No one knew the actual freight spend.
- × Vendor controlled pricing (typically implies the client is eating marked-up prices)
- × Small package invoices were paper bills instead of electronic.
- × Small package bills were not being audited (very difficult to do with paper)

\*We performed an annualized study of the client and confirmed that these red flags were in fact negatively affecting the bottom line.

# SOLUTIONS

## FREIGHT SOLUTIONS

CMG created a multiple carrier solution that is consistent and significantly lower than the client's previous arrangement. We reduced the number of carriers used and matched them up with the client's unique shipping behaviors, based on the study. With standardized pricing and fewer carriers to deal with, our client's damaged freight claims were reduced significantly, and bills were easier to manage and audit.

## VENDOR MANAGEMENT

The client implemented the program with their vendors and were no longer subject to price markups. Vendor management was never even considered an option without a program in place. This is why it was a red flag, to begin with.

## SMALL PACKAGE SOLUTIONS

Small package is a completely different animal, so it did take us an additional two weeks to get the client moved over to electronic billing and into our system for a study. The delay was caused by the multiple locations getting on board with the new program. Today, all locations are actively using the same program. We were able to reduce the small package spend by 10% just by switching to electronic billing.

# CONCLUSION

On the surface, compared to most manufacturers, this client was doing what 90% of American Manufacturers are guilty of doing: ***Appealing to Tradition***, a type of logical fallacy in which something is accepted as true or better because it's the "way it's always been done." There is no evidence that a specific belief or course of action actually is better.

Continue reading on the next page to find out how much we saved this client just in the first year...

**In the first year with this client, we were able to reduce their costs by \$400,000.**

For the last decade, we have worked with them monthly to break the “traditions” that are negatively affecting their bottom line, and help make decisions based on their own unique data. We now collect data and study every single shipment that comes through, which naturally eliminates third-party billing errors.

Based on our research and experience with this client, we helped them make a decision to open a new customer service location, which is currently still open and performing well, as projected.

## WHAT ABOUT YOU?

You might see similar behaviors and red flags in your company.

Take our simple self-assessment to reveal areas that need attention in your freight management.

**Receive your Free Freight Checklist**

We welcome the opportunity to help you interpret your findings and uncover your Freight DNA. We'll expertly map your entire freight system, pinpointing inefficiencies, examining your shipping (and receiving) strategies, and determine your savings potential.

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