

CASE STUDY //

FREIGHT COST REDUCTION & TMS INTEGRATION FOR ECOMMERCE

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Freight Cost Reduction // TMS Integration



SUMMARY //

A Portland, Oregon based e-commerce furniture business had out grown it's current provider and wanted integrated TMS Technology.

SCENARIO //

E-commerce is a booming market in North America. More and more shoppers would rather read user reviews online than venture into a store to shop. The business volume and demand of this e-commerce customer is out-growing the manual processes of their current 3PL provider.

HYPER GROWTH DILEMMA //

Business is booming. The orders are coming in at a rapid pace. Amazon reviews are great and life is grand. The incumbent 3PL provider in an attempt to make extra margin dollars, add in a low tier carrier to the business's carrier mix. What they failed to mention to the customer is the fact that this carrier was not capable of providing residential service with lift gate on a consistent basis. The carrier was added and there was a cost savings, however customer service had almost bottomed out. Less than professional drivers, broken down pallets with boxes missing, bad amazon reviews and the addition of multiple complaining customer service calls and emails to the business had come to a boiling point.

The Warehouse manager in Tampa had seen the sign on BlueGrace's building and had engaged BlueGrace at "Bark in the Park", a Humane Society of Tampa Bay event to benefit animals. The warehouse manager told the CEO the give us a call to see if we could add any benefit to the business as a potential 3PL partner. BlueGrace was then engaged and we went through our initial discovery phase of investigative questions to see what the current state of their transportation program was. We found there were many areas of improvement for this particular e-commerce business.

CUSTOMER ENGINEERING //

Through our customer engineering process we found that this customer would benefit from opening an additional warehouse in the Northeastern area of the United States. The new warehouse would decrease transit days and lower the overall freight costs netting in a lower cost per pound for the business. Since the cost per pound is their main key performance indicator, this discovery was a huge advantage. This discovery lead to BlueGrace becoming a true partner of the e-commerce business customer. BlueGrace would be losing shipments and top line revenue by presenting the new warehouse solution, but the benefit to the customer was huge.

During the engineering process, BlueGrace also found that there was an opportunity to integrate into the existing business system. This integrations would lead to less manual operations and would reduce opportunities for errors due to double entry.

Increased profits & employee time savings helped keep the online customers

RMA or return management was also an improvement opportunity. Returns were not known to the warehouse in advance and had no clear marking as to what was being

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returned when the freight made it back to the warehouse. An experienced BlueGrace customer support team manages the whole return and claim process for this business currently to ensure high customer satisfaction rating. The incumbent provider had not attained customer specific pricing either, BlueGrace used its strategic relationships with the carriers to get great pricing with a limited mix of quality carriers. The extra steps taken by BlueGrace in the new customer discovery and engineering processes led to many more opportunities for the e-commerce customer. With the logistics experts at BlueGrace reviewing past data at the beginning of the relationship, the e-commerce customer was able to increase profit, save employee time and most importantly keep the online customers they spent so much to acquire.

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CONTINUED GROWTH //

BlueGrace provides scalability for growing companies to achieve their goals without labor or technology investments. Our expertise and processes provide our clients with the bandwidth to operate efficiently and drive direct cost reduction through our procurement and dedicated management.

ABOUT BLUEGRACE //

Founded in 2009, BlueGrace Logistics is one of the largest third-party logistics (3PL) providers in the United States. With over 500 employees and working with over 10,000 customers to provide successful shipping solutions, the company has achieved explosive growth in its nearly 10-year operating history. Backed by a \$255 million investment by private equity firm Warburg Pincus, the company operates 11 locations nationwide, and its headquarters are in the sunny Tampa Bay area of Florida.

For more information, visit www.mybluegrace.com



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