

# CASE STUDY //

MANUAL PROCESS REMOVAL & FREIGHT COST REDUCTION FOR HARDWARE

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CASE STUDY // HARDWARE INDUSTRY  
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# CASE STUDY

## Manual Process Removal // Freight Cost Reduction



### SUMMARY //

A large big box hardware supplier, based in the Midwest, was utilizing a single national carrier model. There was no GRI mitigation, or freight bill auditing. The manual task of booking shipments was taking up much of the customer support team's day. The accounting team had no way to tell if the invoiced amount of the shipment was the same as the quoted amount of the shipment. The ways of the past were starting to catch up as volume increased and this supplier had to make a change.

### SCENARIO //

The hardware and building products industry in North America is back after the recent recession. Big box retailers are making new rules that make it difficult for manufacturers and distributors to actually get their products on the shelves of stores. The old adage of "If it isn't broke, don't fix it" was in full swing at this supplier and it was time for a logistics update.

### FIXING WHAT WAS INDEED BROKEN //

There has to be other options out there, right? Many of the employees in charge of logistics at the hardware supplier had said these words. They were drowning in manual tasks that did not profit the company. The employees in the suppliers logistics department were very busy, not good busy, just busy busy. Through the discovery process we found all the pain points that this supplier was dealing with daily and set out to remedy them.

### CUSTOMER ENGINEERING //

This supplier was at the mercy of single carrier provider and any/all rate increases, heavy shipping costs and a poor system for analytics. There was not a backup carrier in case of carrier breakdown. The supplier had no way to determine how to allocate cost by customer and state. There was not an ability to track shipments unless the customer service agent had the tracking number and went directly to the carrier website. There was no internal claims process and there was no one currently auditing freight bills. The shipping and customer service teams manually booked all shipments taking up most of their day.

BlueGrace Solutions was able to implement the following solutions to update the manual logistics process. BlueGrace's TMS system, BlueShip, was fully integrated with the supplier's in house ERP system. With this change they went from manually booking shipments to not having to manually book at all. The system was setup to pick the best value provider on lanes, and exceptions were added on shipments going to big box retailers where certain carriers were required. BlueGrace gave visibility to consolidated freight opportunities and changed suppliers ordering patterns for decreased shipping costs.

All modes were invoiced on one form. BlueGrace became a paperless data warehouse where all shipment documents were housed. The supplier could now pull proof of delivery from a single source so they could provide and get paid by their vendors.

This Hardware Supplier saved  
**13% of their yearly freight spend**  
which added up to  
**\$260,000 Annually**

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With the implementation of BlueGrace solutions, the execution of shipping, tracking and claims were removed from the supplier's workforce. There was also increased shipping visibility as BlueGrace provided proactive communication to their customers on delays instead of having frustrated emails and phone calls. For the first time, the supplier was able to have visibility to inbound freight for effective cost metrics.

BlueGrace would also maintain the transportation management and carrier negotiations for the supplier. With this service, they no longer had to worry about unexpected rate increases. Now the supplier could better forecast and have new relationships with a solid network of different carrier providers.

Scorecards were created to provide true, measurable carrier performance for improved customer satisfaction. The hardware supplier now had easily accessible information to determine if internal KPS's are being met. They managed these new carrier scorecards for continued improvement. Any discrepancies in the allocation of freight costs were visible to easily manage each carrier as needed.

The hardware supplier is now easily handling their increased shipments, auditing and carrier relations with out adding any new personnel. In addition to all of the soft costs saved by ending these manual tasks, BlueGrace was also able to save this hardware supplier 13% off of their yearly freight spend which added up to \$260,000.00 annually.

## 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](http://www.mybluegrace.com)*

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