Canada Freight Optimization

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Project Charter – Freight Optimization in Canada

Problem Overview

- ❑ Today, branches in Canada order parts needed for a job after the job is booked. 90% of the weight shipped supports a next day need-by-date which results in an air-shipment for branches located on the west coast of Canada. Furthermore, due to long ground transit times orders with a need-by-date within 3-days are also required to be shipped by air. Annually, these air-shipments to the west coast have a total freight cost of $148,066.

Goal / Objective

- ❑ Reduce freight cost for shipping parts to the west coast branches
- ❑ Design a process where freight costs are optimized based on branch location

Benefits & Fin Y

- ❑ Freight cost savings from a reduction in next-day shipments to the west coast branches
- ❑ Freight cost savings in cost per pound shipped ground

Strategic Alignment

- ☐ Customer Additions
- ☐ Rev Per Customer
- ☑ SAC
- ☐ Tenure
- ☑ Cost to Serve

Project Description & Scope

- ❑ Design an order fulfillment process that meets the branches delivery requirements.
- ❑ Scope: West Coast Branches only
  - ❑ Includes both Install and Service channels

Duration	Fin Impact	Effort Level
☐ 0-3 months	☑ 0-300K	☐ Low
☑ 3-9 months	☐ 300K-700K	☑ Medium
☐ 9 months & above	☐ 700K +	☐ High

Team Members

- ❑ Eric Blue – Process Owner
- ❑ Arun Ashokan – SS MBB
- ❑ Ryan Mark – SS BB
- ❑ Radames Rivera – SME
- ❑ Jimi Veale – SME
- ❑ Will Cormier – Branch Manager
- ❑ Robin McKinley – Branch Manager
- ❑ Vince Wong – Install Team Manager

Savings calculations

Current													
Shipment Type	Sum of Weight	Sum of Freight Charges	$ lb.	% TTL	Annulized Wt.	Annualized $							
Air	34,011.41	$37,016.71	$1.09	89.65%	136,045.63	$ 148,066.82							
Ground	3,928.62	$3,543.13	$0.90	10.35%	15,714.47	$ 14,172.52							
Grand Total	37,940.03	$40,559.84			151,760.10	$ 162,239.35							
Future													
Shipment Type	Sum of Weight	Sum of Freight Charges	$ lb.	% TTL	Annulized Wt.	Annualized $							
Air	0.00	$0.00	$0.00	0.00%	0.00	$ -							
Ground	37,940.03		$0.55	100.00%	151,760.10	$ 83,468.06							
Grand Total	37,940.03	$0.00			151,760.10	$ 83,468.06							
Savings						$ 78,771.29	*48.55%*	*Savings*					
						($5,400.00)	*TD handing/Dist. Fee*				As of 02-10-2015		
					Net Savings	*$ 73,371.29*				**USD:**	1 CAN = .80 US		$ 58,697.03

Fin Y

Freight baseline (historic $)

Monthly updated freight cost $

Project Name: Canada Freight Optimization						Champion:		Belt:		Process Owner:	
Y Metric: Freight Cost								Ryan Mark			
1 Project ID:		PS Seq Num:		Data Request #:							
ADTNA00691		TFSX	2		3						
Information	12 MTH Savings Recognition		Current Year Information			EBIT	Implemented EBIT	Projected EBIT	Committed EBIT	EBIT Variance	EBIT Translator
Freight cost per lb. baseline	Fiscal Month	Status	Current freight $ per lb.	Saving $ per lb. (delta)	Weight Shipped	Six Sigma Savings (Baseline Dollar Improvement)	Implemented Values From Power Steering	Projected Values From Power Steering	Committed Values from Power Steering	Six Sigma Savings to Goal Variance	Amount of EBIT Translated to P&L
$ 1.07	FY14 OCT FY15		$0.00	$1.07	0.00	$0.00				$0.00	
$ 1.07	FY14 NOV FY15		$0.00	$1.07	0.00	$0.00				$0.00	
$ 1.07	FY14 DEC FY15		$0.00	$1.07	0.00	$0.00				$0.00	
$ 1.07	FY14 JAN FY15		$0.00	$1.07	0.00	$0.00				$0.00	
$ 1.07	FY14 FEB FY15		$0.00	$1.07	0.00	$0.00				$0.00	
$ 1.07	FY14 MAR FY15			$1.07		$0.00				$0.00	
$ 1.07	FY14 APR FY15			$1.07		$0.00				$0.00	
$ 1.07	FY14 MAY FY15			$1.07		$0.00				$0.00	
$ 1.07	FY14 JUN FY15			$1.07		$0.00				$0.00	
$ 1.07	FY14 JUL FY15			$1.07		$0.00				$0.00	
$ 1.07	FY14 AUG FY15			$1.07		$0.00				$0.00	
$ 1.07	FY14 SEP FY15			$1.07		$0.00				$0.00	
$ 1.07	FY15 OCT FY16			$1.07		$0.00				$0.00	
$ 1.07	FY15 NOV FY16			$1.07		$0.00				$0.00	
$ 1.07	FY15 DEC FY16			$1.07		$0.00				$0.00	
$ 1.07	FY15 JAN FY16			$1.07		$0.00				$0.00	
$ 1.07	FY15 FEB FY16			$1.07		$0.00				$0.00	
$ 1.07	FY15 MAR FY16			$1.07		$0.00				$0.00	
$ 1.07	FY15 APR FY16			$1.07		$0.00				$0.00	
$ 1.07	FY15 MAY FY16			$1.07		$0.00				$0.00	
$ 1.07	FY15 JUN FY16			$1.07		$0.00				$0.00	
$ 1.07	FY15 JUL FY16			$1.07		$0.00				$0.00	
$ 1.07	FY15 AUG FY16			$1.07		$0.00				$0.00	
$ 1.07	FY15 SEP FY16			$1.07		$0.00				$0.00	
0	ERD YTD		$0.00	$0.00	0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00

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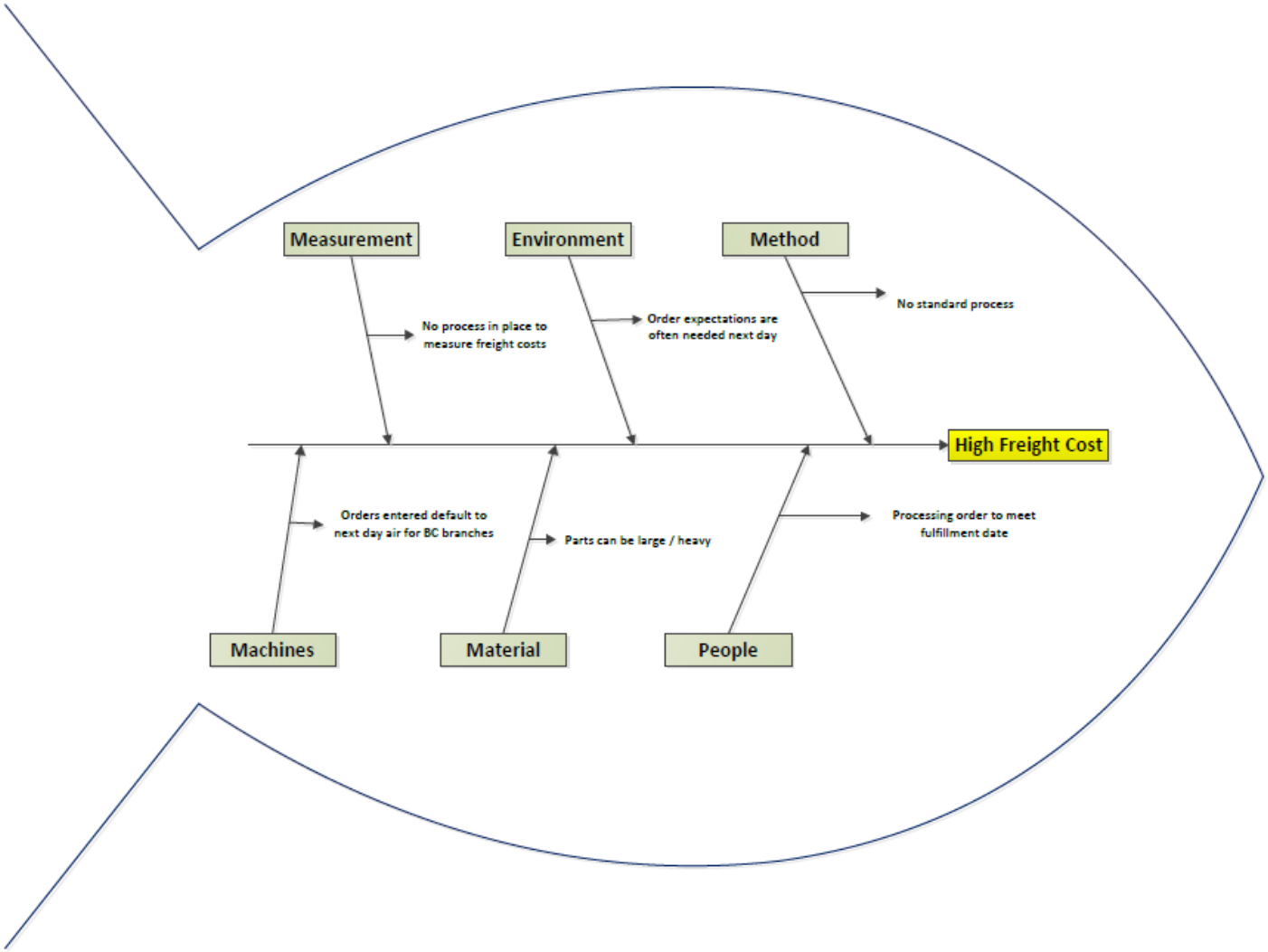
Appendix

Cause and Effect Matrix

		Rating of Importance to Customer	10	9	8	6	
			1	2	3	4	
			Stock Availibility	Picking Accuracy	On-Time Delivery	Correct routing to meet need-by-date	Total
	Process Step	Process Input					
1	Sale generated	Customer need	8	1	1	1	103
2	Job No. assigned	Sale completed	1	1	1	1	33
3	Job scheduled	Based on Install needs	1	1	1	1	33
4	PO issued	Entered into AS400	1	1	1	1	33
5	PO issued	order EDI transmit to CA2	1	1	1	1	33
6	Order processing	EDI transmission received	1	1	1	1	33
7	Order processing	Order picked	10	10	5	5	260
8	Order processing	Order shipped	8	8	10	10	292

Appendix *(Continued...)*



Appendix *(Continued...)*

Process/Product
Failure Modes and Effects Analysis
(FMEA)

Process or Product Name:		Prepared by:	Page ____ of ____
Responsible:		FMEA Date (Orig) _____ (Rev) _____	

Process Step	Input	Potential Failure Mode	Potential Failure Effects	SEV	Potential Causes	OCC	Current Controls	DET	RPN	Actions Recommended	Resp.	Actions Taken	SEV	OCC	DET	RPN
Step of the process under investigation	Input under investigation?	In what ways does the Key Input go wrong?	What is the impact on the Key Output Variables (Customer Requirements) or internal requirements?	How Severe is the effect to the cusotmer?	What causes the Key Input to go wrong?	How often does cause or FM occur?	What are the existing controls and procedures (inspection and test) that prevent eith the cause or the Failure Mode? **Should include an SOP number.**	How well can you detect cause or FM?		What are the actions for reducing the occurrance of the Cause, or improving detection? **Should have actions only on high RPN's or easy fixes.**	Whose Responsible for the recommended action?	What are the completed actions taken with the recalculated RPN? **Be sure to include completion month/year**				
Parts stocked at the CA2	Parts availability	Part is out of stock	Delay schedule for install	10	Non-monitoring of stock	3	None	10	300	Reporting performance	Tech Data	Mar-15	0	0	0	0
Shiments made from CA2	On-time shipment	Shipment does not ship/arrive on time	Delay schedule for install	10	Shipped late	1	None	10	100	Reporting performance	Tech Data	Mar-15	0	0	0	0
Parts Planning	Part allocation for CA2	CA2 qty allocation	Not enough parts in stock to support demand	10	No communication of stocking levels	1	None	10	100	Reporting performance	Ryan Mark	Mar-15	0	0	0	0
									0							0
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