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Transportation in Supply Chain

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**Case Study#1**

Paper—we use it in our daily lives. This is an important commodity that comes in many forms and functions. From plates, napkins, straws, stationary, toilet paper, paper towels, packaging, boxes, and more. As a society, we rely heavily on paper and pulp-based products.

According to a January 2020 Marketing Analysis Report by Grandview Research, the global paper market is expected to reach $275.1 billion by 2025. This growth is largely due to rising demand in the pharmaceutical, fast-moving consumer goods and hospitality industries.

Currently, Evans services five paper mill and manufacturers in our warehousing and transportation divisions. Over the years, we have become accustomed to serving this industry and we have built strong partnerships with our customers and service partners.

**Paper & Pulp Challenges**

The paper and pulp industry is unique for several reasons. First, paper varies by diameter and weight. Often they are packaged as oversized rolls that can weigh from 1,700 to 4,000 pounds. Rail is the most cost effective way to transport paper.

Evans’ rail-served facilities are ideal for paper customers who utilize that mode of transportation because they don’t require drayage. These customers require consistent unloading of rail cars as they arrive at the warehouse. On some paper accounts, Evans employees unload up to 6 rail cars per day with 60 rolls in each car.

“Associates need to be mindful when unloading rail cars. During transportation the paper tends to compress to one side or hit the sides of the car. Our forklift operators are very careful when unloading a car to reduce further damage,” says Pat Bledsoe, Operations Manager at Evans.

The oversized rolls of paper require a special forklift clamp that grips the loads from the side and carries them out of the rail cars. But the rolls are delicate. If they are clamped too tightly, the paper will damage.

“You need the right training and forklift skills to unload those rolls correctly,” says Jennifer Bershaw, 3PL Warehouse Manager at Clearwater Paper Corporation. “You want the least amount of damage as possible because our customers want to process it quickly. They don’t want to have to peel away lots of layers of damage. Evans has always done a wonderful job of training.”

There’s also the issue of demurrage. Rail lines charge additional fees when cars are not unloaded within a certain time frame. The rail industry is known to be unpredictable on delivery. Demurrage charges can add up quickly with a high-volume product like paper. “Evans watches our bottom line,” Bershaw says. “They work with rail providers to track cars and anticipate the need for overtime to have cars unloaded and keep demurrage costs low.”

If paper is light enough to be lifted by a traditional forklift, it can be braced on cardboard or wood planks. These can be lifted from the bottom and transported carefully.

In addition to requiring delicate handling, paper is susceptible to damage from moisture. This requires a daily inspection of the warehouse for signs of moisture. Associates also inspect any other debris that the paper might have accumulated on its journey over. “We inspect for rocks or pebbles that could potentially damage the product,” Bledsoe says.

**Location, Flexibility & Speed**

Clearwater Paper utilizes Evans for a number of reasons. According to Bershaw, the paper industry functions on a just-in-time format. “The customer doesn’t want to hold a lot of product on the floor and providing expedited services is highly valuable,” Bershaw says. Her team directs inventory to Evans’ facilities so they can accommodate 24-hour lead times or same-day deliveries that are requested by Clearwater’s customers.

Evans Logistics Inc. transports a high daily volume of inbound and outbound paper truckloads. According to Deanna Smith, Transportation Supervisor at Evans, there are several advantages to having a full-service transportation management solution.

**Flexibility**—Paper is a high demand commodity with dramatic volume increases and decreases. “We often are sought out by our paper partners to accommodate same-day deliveries to ensure that the manufacturing line is not disrupted. We handle these last-minute requests quickly and reliably, time after time,” Smith says.

**Communication**—When communication between the transportation and warehouse operations is internal, the visibility and transparency can speed up reaction time. “We have more success with keeping each service area in the loop when adjustments are needed or new loads arise,” Smith says. Also, serving paper customers in the same WMS and TMS systems creates a fluid information flow between the operations, customer service and logistics coordinators. All parties are knowledgeable about customer requirements from the start.

**Transportation Partnerships**—”Evans has partnerships with trusted carriers who can react quickly to our short lead times,” Bershaw says. “We work with drivers who are experienced and knowledgeable about our paper accounts. The same drivers are utilized each time and know the contacts on their routes, making the delivery process seamless,” Smith says.

**Evans’ Solution**

Years of experience storing and transporting paper has given Evans an advantage. Paper is an essential commodity that has only grown in importance in our lives. Manufacturers need to trust their 3PL partners to keep products safe while in their care and delivered quickly. Evans continues to make the process easy every step of the way with our paper and pulp customers.

“You think paper is easy but it’s really an art form,” says Bershaw. “We have been able to flex by thousands of tons of inbound and outbound shipments over the years with Evans. They are one of our most trusted and reliable 3PL partners.”

# Case Study#2

If you’re a fan of chocolate (and who isn’t), chances are you’re very familiar with Lindt & Sprüngli. The renowned chocolatier has been in business since 1845, serving chocolate lovers all over the globe. A few years ago, they turned to Weber Logistics to provide a variety of refrigerated transport services in a very specific part of the globe – the U.S. West Coast. We recently wrote a case study on the relationship, which we preview in this article.

**Refrigerated transport services**

Lindt & Sprüngli (North America), Inc. (LSNA) – also home to such popular brands as Russell Stover Candies and longtime West Coast favorite Ghirardelli Chocolate – has relied on Weber to tackle two distinct challenges related to West Coast distribution.

First, LSNA required a diverse range of logistics transportation services. In order to reach a variety of West Coast customers in a timely and cost-effective fashion, LSNA relies on a range of trucking operations from full truckload to pool distribution. All of which require refrigerated transportation.

Weber proved to be the perfect match since it is an asset-based transportation provider with a strong history of serving confectionery companies on the West Coast – including subsidiary brands of LSNA. To meet LSNA’s needs, Weber provides the following temp-controlled transportation services.

* Full truckload
* Less-than-truckload
* Truckload stop-offs
* Pool distribution

To employ even greater flexibility into the mix, Weber also provides LSNA with drop trailer services. Weber will drop a trailer at LSNA’s major California DC and allow LSNA to load on its own schedule. When the load is ready, Weber comes back to receive the trailer.

With the required range of services covered, LSNA also needed a logistics partner that could handle diverse final-mile deliveries. While most transportation providers will have little problem transporting product from a warehouse to a retailer DC, many of LSNA’s customers are located in unique places that are much more challenging to reach with a truck and temp-controlled trailer. Such challenging locales include Disneyland, the Las Vegas Strip, and downtown San Francisco.

Weber’s asset-based fleet and company drivers have proven to be more than up to the task. Weber’s drivers are just as adept at making deliveries in these locations as they are at large retail and grocery DCs – all with the professionalism and level of service demanded by leading manufacturers.

All told, Weber’s transportation services support LSNA with deliveries across California, Washington, Nevada, Arizona and Oregon – hauling over 750,000 pounds of product per month.

**Case Study #3**

**Customer Profile**

The customer is a 75-year-old manufacturer and distributor of food products based in the Northeast with challenging customers in the foodservice and retail space. The firm distributes their finished products nationally and had challenges meeting customer service requirements, managing shipments in a high-growth environment, sourcing freight carriers in the dry and refrigerated markets, and managing large customer chargebacks due to delivery issues.

**Customer Engagement**

The customer contracted Aborn as a managed service provider where Aborn would design the firm’s transportation strategy, source carriers, implement TMS technology, integrate broadly with ERP/Co-packers/3PLs, manage daily shipments/deliveries, and provide analytics so that the company could make better decisions.

**The Challenge**

**Challenging Time-Sensitive Deliveries**

One of the major pain points for the company was delivering into their retail and foodservice customers. In order to deliver to these customers, the company had to meet very specific delivery requirements or else they would incur hefty chargebacks. As the chargebacks grew in number and total dollars, they continued to hire additional staff to track shipments and manage deliveries.

**Small Carrier Base**

Given the challenging deliveries and chargeback issues, the company had become heavily dependent on the spot market to find carriers and secure rates. Their strategy was to confine the pool of potential carrier/brokers to a small number of providers (10) who would bid and move shipments throughout the day. The company’s transportation team would then work closely with the brokers to make sure shipments were delivered.

**Profitability**

After analyzing operations cost drivers across the company, the company found that unpredictable freight rates and a ballooning operations staff aimed at managing deliveries and chargebacks had impacted their profitability. Further, the sales and operations team were often very wrong predicting the cost to serve a new customer resulting in on-boarding new, unprofitable business.

**Results**

Aborn was able to negotiate rate reductions and improved terms with carriers specifically designed to service retail and foodservice customers through a strategic carrier negotiation. After solidifying the carrier base and routing instructions, Aborn established API/EDI connections with routed carriers enabling the tracking of shipments from pickup through to delivery. Using TMS, Aborn was often able to track key data elements such as appointment times to help our customer a.) lower and b.) fight chargebacks. Further, the TMS automated manual processes such as rate negotiation, freight tender, track/trace, and audit so that the firm’s operation staff could be more productive on strategic cost-saving initiatives within the firm. With newly negotiated rates and transportation data from the TMS, Aborn also worked with the firm’s sales staff to help them better budget freight cost for new customers. Overall, the firm was able to reduce transportation cost by 22%, cut the amount of chargebacks by more than 50%, and boost internal productivity by 20%+.

# Case Study #4

I’ve been an industry analyst for over 20 years and achieving timely and accurate supply chain visibility has always been — and continues to be — a top priority for companies across all industries.

It’s an ongoing challenge because supply chains continue to get more fragmented, more global, and more dynamic. The good news is that advancements in technology are addressing some of the historical challenges companies have faced in gathering, sharing, and analyzing real-time data from many different systems and trading partners.

This is certainly true in the transportation realm, where real-time freight visibility solutions are helping companies answer — quickly and accurately — where’s shipment? Where’s my order? Where’s my truck?

But the value proposition of supply chain visibility goes beyond answering those questions. How are companies leveraging supply chain visibility to deliver business benefits not just in transportation but across other supply chain and logistics functions?

## **The Maturing of the Supply Chain**

I began the conversation by asking Yone why supply chain visibility is more important than ever today.

“It goes along with the overall maturing of the supply chain,” says Yone. “If you look back 20-30 years ago, most supply chains were very functionally focused — that is, we only cared about our own separate function, whether it was planning, logistics, or operations. Then supply chain started to mature and we started to care about the end-to-end process. Then we matured some more and we started to focus on customer service. And today we’re at the point where the big focus is on customer experience.

“The way we describe customer experience in our organization is ‘You pay for the product, but you actually buy the entire experience’. You’re not just judging the product, you’re judging the experience and the cornerstone of that experience is visibility. It’s about when and where is my product, and where and when is it going to show up.”

Yone added that the increased velocity of supply chains is making real-time visibility even more critical. “Supply chains are moving so fast, you really need to know ‘the when and the where’ in real time because that allows us to mitigate any disruptions in real time. Visibility also addresses variability; it provides the ability to predict when the shipment is going to get there. All of these factors combined is why visibility has become so important.”

## **The Broader Value Proposition of Freight Visibility**

What is the broader value proposition of having this visibility? In Matt’s experience working with clients like Land O’Lakes, “it’s very evident that companies can apply location information to various aspects of the supply chain.” He shared the following examples:

“If you’re in warehousing and you know exactly when a truck is going to show up, then you can have better dock scheduling, you can have better labor management, you can sequence your warehouse operations better — the picking, packing, staging, etc. So now you’re exetending [the value of visibility] beyond transportation into warehousing.”

Without visibility, you typically have this “endless chain of phone calls” between customers, the customer service organization, logistics, and carriers trying to determine the status of shipments and deliveries. “Now customer service can log into our system and see what is happening [without having to call logistics],” says Matt. “Even better, end customers also have that visibility and they don’t have to call the shipper. At some of our customers we have seen a 65 percent drop in incoming call volume to customer service.”

Matt shared additional examples related to inbound planning and inventory management.

“What we have seen is that the sky’s the limit when it comes to applying real-time data across your organization,” says Matt. “It begins with answering that very simple question — Where’s my truck? — and then by taking a crawl, walk, run approach you can apply that real-time data across the supply chain to create the end-to-end synchronous supply chain, which is the holy grail many companies are trying to achieve.”

ome of the key capabilities Land O’Lakes was looking for in a visibility solution? How does enhanced visibility help improve shipper-carrier relationships? What is predictive capacity management and how does it benefit the industry?

# Case Study #5

# Working smarter, not harder, is critical for everybody in transportation today, but it’s especially important for freight brokers in light of the increased competition in the marketplace and the ever-more demanding expectations of shippers. What does “working smarter, not harder” mean for freight brokers? What are the biggest drivers of cost and inefficiency in the industry? How can technology help brokers work smarter and improve their profitability? Those are some of the key questions I discussed with Tom Curee, Vice President of Logistics at Kingsgate Logistics, and Prasad Gollapalli, Founder and CEO of Trucker Tools, in a recent episode of Talking Logistics.

## **Current challenges for freight brokers**

The current growth economy, where demand consistently outpaces supply, places a premium on freight brokerage services. I began our discussion by asking Tom and Prasad what challenges this is causing freight brokers.

Tom mentioned a number of areas of labor inefficiencies that are inflating costs and Prasad agreed. Prasad described three factors contributing to these cost challenges. “First, brokers are making too many calls to carriers in order to secure coverage — on the order of 30-40 calls per load,” says Prasad. “That’s a lot of wasted time and energy.

“The second factor is very profound,” continues Prasad. “When you look at the data, 80-90 percent of the carriers that brokers use fall into the category of ‘one-load wonders,’ that is, carriers who cover one load and then fall off the system. All the work brokers put in to find and on-board that carrier is for just one load. That is a huge inefficiency and raises costs dramatically.

“The third factor is a process problem. Brokers use many sources to find capacity. It’s like finding a needle in a haystack. When a broker and a carrier connect on a load it’s more by chance than by an efficient process.”

Prasad points to the lack of accurate information (or working with information that is stale and outdated) as one of the challenges the industry faces, along with the emergence of “digital freight” competitors that are looking to disrupt the market.

## **Working smarter**

Given the inefficiencies and manual labor challenges Prasad described, I asked Tom how Kingsgate Logistics uses technology to address these issues. Tom notes that with a growth rate of 20-30 percent per year, there is significant pressure to reduce inefficiencies to better leverage their resources.

“We began by looking at load tracking, which typically involves a lot of labor,” says Tom. “That’s when we began working with Trucker Tools. I was already aware that it was a widely-used GPS-based app, so it would be easy to implement with carriers. The automated tracking really improved our efficiency.”

Tom next mentioned that in working with Trucker Tools, they became aware of their solutions for handling capacity. “Their Smart Capacity tool allows us to digitally connect with carrier systems to understand their capacity so we can make faster, smarter decisions on load coverage,” explains Tom.

## **Achieving benefits**

I asked Tom what benefits they derived from implementing these new technologies. His interesting response was that, “We didn’t implement Smart Capacity because we were ready for it. We implemented it because we believed in the idea of what we could accomplish with it.

“Once we implemented, the first benefit we experienced was it gave visibility to our carrier network,” comments Tom. “By implementing Smart Capacity, carriers could now see our freight needs and they started contacting us [proactively]. Many of these were the ‘one-load wonders’ who had done a load with us in the past and now saw opportunities to work with us again.

“The second thing we’re really excited about is the [email processing] capabilities of Smart Capacity,” continues Tom. “We were getting tons of emails from carriers informing us of their available capacity, but we didn’t have time to follow up on all of those. Now those emails are automatically forwarded to the system [which uses natural language processing capabilities to read them and capture key data points] and then matches that capacity to our load opportunities and let the carriers know about those matches. We’re getting great response so far and we don’t have to lift a finger to get this. It’s taking technology to the next level for us.”