

## CASE STUDIES

# Domestic & International Freight Review and Compliance Audit

### Problem to be Solved:

\$60 million manufacturer wants to evaluate and improve inbound & outbound domestic and international freight services, quality and pricing *without hiring a full-time traffic manager*. Company ships via LTL, ground parcel, air express, air & ocean import, air & ocean export services.

### Solertis Response:

- Analyzed all inbound & outbound direct & indirect freight bills
- Reviewed all service provider agreements for compliance and competitiveness
- Interviewed all current service providers, alternate service providers, suppliers, customers and affiliates
- Completed accounting, import, export and customs compliance audits
- Started cooperative work with distributors and vendors to create a consolidation system for less frequent but faster shipments at a considerable freight and overhead cost savings
- Identified various international freight forwarders, express carriers and customs brokers to best service the clients requirements
- Created routing guides for all lanes of business and type of shipments and supervised their implementation
- Provided ongoing freight & transportation vendor compliance audits for continuous improvements
- Recommended to domestic and overseas distributors to work with preferred list of transportation vendors for mutual service improvements and cost savings potential
- Assist with complete implementation of new transportation vendor programs and fine-tuning existing carrier agreements to meet or even exceed the improved requirements

### Results:

- Freight cost savings in the first year exceeded \$250k or more than 20% of the annual freight expenditures resulting from:
  - Negotiation of competitive domestic and international air express package and air freight services pricing, offering a potential savings of 30-55%
  - Identification of computer programming errors
  - Detection of billing errors
  - LTL pricing agreements improved 10-25% by focusing on core vendors that provide the overall best value to the client

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### Results (cont):

- LTL transit times both inbound & outbound reduced by at least 50% using only the fastest carrier services available, reducing even some 2<sup>nd</sup> day air shipping
- Developed internal operations savings and created a foundation for continued growth capabilities
- Achieved considerable service and transit time improvements for import and export air and ocean freight services, enhancing communications between all parties, reducing transit time by up to 50%, improving on-time reliability from 60-70% to the high 90% range, eliminating duplication and paper documents by increasing electronic commerce applications
- Refocused all import customs clearance on one local expert U.S. Custom broker, eliminating confusion, improving service dramatically and ensuring compliance with applicable laws and requirements
- Selected lane and service specific freight forwarding partners for import air & ocean and export air & ocean services, and therefore being able to dramatically improve service quality, support with expert knowledge, transit time and further achieve a considerable cost savings
- Additional significant internal and external overhead and operating cost savings were achieved due to improved vendor cooperation, work flow programs and identification of potential areas for future savings relating to freight cost, internal and external management and labor expense, packing, handling and consolidation cost
- Implemented cost improvement programs across all sectors of the clients business
- Continued to provide ongoing traffic management and further improvement processes as required by the client including quarterly transportation vendor service and costing compliance audits