Supply Chain

Identify the most efficient shipping carriers through advanced analytics

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The Big Picture

A Fortune 100 CPG company had a diverse portfolio of products and high SKU-level complexity. One of the issues that the company faced was assessing each carrier and choosing the right carrier for shipment across the globe. Since there were various metrics available, the challenge was ranking carrier performance and choosing the right one for shipping. The same set of metrics were not applicable for each shipment or region.

Transformative Solution

Addressing the company's challenges meant choosing the right metric to assess and simulate carrier performance. Carrier performance was assessed on various dimensions, such as service levels (including reliability, transit time, geo coverage, etc.), carrier (including cost per mile, responsiveness, fleet size and types, etc.), and shipment (including length of haul, shipment volume, product categories, etc.).

Understanding the carrier selection framework, the solution followed a step wise approach by:

Identifying correlated attributes: Cost competitiveness was assessed between carrier pricing and industry averages. Contract compliance testing was performed regarding on-time delivery and accuracy. Cost-reduction targets were identified with the help of payment term benchmarks.

Ranking of carriers: The solution assessed the best carrier for daily and weekly shipment characteristics, performed driver analysis for carrier ranking, and assessed opportunity savings resulting from carrier ranking and benchmarking.

Assessing alternate carriers via what-if analysis: This included the ability to override key attributes and simulate the impact of potential changes to lead times and carriers.

The Change

As a result of the engagement, the company achieved several benefits:

- A $1M savings opportunity per category and group of transportation lanes was identified by effectively selecting the best ranked carriers.
- Renegotiation of SLAs with certain carriers that were sensitive to loading and unloading times.
- Improved warehouse planning and shipping processing for better service levels and reduced costs.

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