Case Study

Carrier Distribution Solution & ongoing Transportation Management Case Study

Dynaweld Industrial Supplies

About Dynaweld

Dynaweld is a successful third generation, privately owned family company that distributes welding equipment and accessories from its warehouse in Milperra, Sydney.

Although Dynaweld was a comparatively efficient distribution company, it was looking for a partner that could help to manage its growing freight costs and reduce complexity in its systems.

Case Study Highlights

o Initially **saved 10%** of freight costs; streamlined carriers from 14 to 4

o A Freight Audit of previous incumbent carrier uncovered a change in pallet dimensioning that increased costs by 15%; leading to a credit process to claw back those overcharges

o Freight Controller assisted Dynaweld in their successful bid to become a Bunnings supplier in the *next* Freight Review: implementing 3 carriers from the Bunnings 'core carrier program' to distribute *all* freight; achieving **<u>further savings</u> of 7% on freight costs**

o FC then turned to existing FMS system: we de-cluttered it to enable a 'least cost carrier' selection process; creating *further* savings; and enabled them to increase throughput of integrated ERP-FMS system *from 85% to 100%*

o Our BI reports revealed the opportunity to **reduce consignments by 30%** via consolidation, which also uncovered *further savings through lower cost* weight breaks, less basic charges, etc.

Initial Freight Review

In 2016, Freight Controller was referred to Dynaweld by one of its suppliers as a partner that could provide the upgrades needed to reduce costs and provide greater efficiencies.

Freight Controller recommended that the best approach was to undertake a *complimentary* and preliminary review to better understand Dynaweld's business and how it spent its transport budget.

Initial findings were that Dynaweld had a freight spend of just under a million dollars per year, which was spread across 14 different carriers. They had very good relationships with their carriers and were using an independent multi-carrier transport management system (TMS) to select preferred carriers on a 'least cost' basis, so they could be considered as a reasonably sophisticated transport user. However, the initial review showed a level of cost and complication beyond what was required for the distribution of Dynaweld's products.

The next stage was a system upgrade which *allowed the number of carriers to be halved and freight costs were reduced by approximately 10%.* This review was just a starting point to prove there was a benefit in working with a partner like Freight Controller.

1 Analyse their data to assess opportunities

2 Streamline Carrier Distribution Network from 14 to 4

3 Initial Review reduced freight costs by ~10%

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TMS Review & Carrier Invoice Reconciliation

We moved on to reviewing the Transport Management System (TMS) that Dynaweld had installed. The objective was not to replace the TMS, (even though it was not our preferred solution), rather to ensure that it was being optimised.

It was found that the loaded rates were not always accurate and the system so cluttered that the 'least cost' carrier selection process was complicated and confusing. It was not being used correctly, resulting in missed opportunities. We embarked on a de-cluttering process that resulted in more accurate and tailored rates in the system and established a simplified 'least cost' carrier selection tool that was easy to use and effective.

Now that the TMS was more effective and accurate we could integrate its data into our Carrier Check System's Reconciliation Engine and that enabled us to identify errors and overcharges on Dynaweld's invoices resulting in further savings and improvements in the transport outcome. Significant errors in weekly carrier invoices were discovered and rectified to reduce waste and improve cash flow.

4 Cleansed TMS data to enable 'least cost carrier' selection

5 Integrated with our Carrier Check's Reconciliation Engine

6 Identified errors & overcharges: reduced costs and improved cashflow

Bunnings comes onboard – 2ⁿᵈ Freight Review

In January 2017 Dynaweld won a significant amount of new business with Bunnings which would deliver more than 50% growth in sales immediately. While great news, this was a logistical challenge and again, Dynaweld, with Freight Controller's assistance, embarked on a transport review to help prepare the business for the introduction of major growth with Bunnings.

There was a requirement for Dynaweld to introduce Bunnings' core carriers and this created a need to further streamline the carriers. Freight Controller introduced new major carriers and culled others to the point where *now there were only three prime carriers* even though the freight spend had risen dramatically. All three prime carriers were Bunnings' core carriers.

The bonus was that, through this review, we not only achieved further simplification and warehouse and customer service productivity but also achieved *another 7% in savings* as well as a significant boost in on-time deliveries.

In late 2018 the Managing Director of Dynaweld, Janelle Bulmer, said "No transport issues; it just works." After comprehensive development and refinement, through Dynaweld and Freight Controller working together, the objective has been achieved. Dynaweld's transport is running smoothly with major operational issues almost eliminated; with vastly improved on time delivery performance; lower costs; and accurate invoices.

7 FC Supported Dynaweld with Bunnings bid

8 Streamlined carriers to 3 from Bunnings' Core Carrier Program

9 Saved Dynaweld a *further* 7% on freight costs

10 Vast improvement on delivery performance, cost, & invoice accuracy

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Freight Business Intelligence Reports

Next Freight Controller implemented Business Intelligence (BI) Dashboards & reports to show Dynaweld what is happening within its transport operations. Freight KPIs include:
- the average cost per con note,
- and per kg by region and or State
- the total number of con notes,
- cubic metres and chargeable kgs
- trending data

These reports help Dynaweld to understand how the transport budget is being spent and what business policies can be developed to further reduce costs and improve their customer service systems.

As an example, from the initial BI reports, Dynaweld was surprised to see so starkly the number of small orders being dispatched. This manifested itself in a ratio of consignments to orders approaching 1 to 1. Seeing this outcome (as opposed to suspecting it) lead directly to policy changes that introduced a minimum order value and *a 30% reduction in the number of consignments being created*.

The benefits from this change are improved dispatch productivity and reduced transport costs through the elimination of carrier basic charges and lower rates because of larger average consignment size.

11 Next, the implementation of FC's Freight BI Dashboard & Reporting

12 Visibility on Freight Costs & Service opportunities

13 Enact new policy for minimum orders & a 30% reduction in orders

14 Improved dispatch productivity, lower costs via weight break & basic charge

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Improved ERP – TMS Integration

It is common for businesses to underestimate the value of measuring something that hasn't been measured previously. After realising improvements from instituting an order minimum, Dynaweld was hungry for further internal improvements. As a result, the source of the data was examined.

The focus was on improving the accuracy of the information provided by the Enterprise Resource Planning system (ERP). Until that point only 85% of consignments were being raised via an integrated import from the ERP to the TMS.

By concentrating on eliminating inaccurate addresses, Dangerous Goods (DG) codes errors and other mistakes, Dynaweld has now reached a point where *100% of all consignments are flowing directly from the ERP to the TMS.*

This adjustment has profound implications for both dispatch productivity and customer service levels. By eliminating manual consignments and reducing wasted time concerned with fixing repetitive errors, Dynaweld has now ensured that all consignments come through the TMS and are therefore are being subjected to least-cost calculations as well as being captured by Freight Controllers' reporting process.

Apart from Janelle's internal drive for productivity and customer service improvements, one of the key factors in setting the environment for these gains is that Freight Controller is measuring and encouraging change and improvements. Together there is a willingness to improve each business and reach new goals.

15 Elimination of address & DG code errors to go from 85% order import to 100%

16 All data now flowing to FC's Reconciliation & BI Reports

17 Another dispatch productivity boost; further 'least cost' reductions

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Testimonial

"We have been working with Freight Controller since mid-2016 streamlining carriers, and more recently establishing which core carriers to work with. Within only a few months it was clear that Freight Controller offer a unique approach and took the time to understand our business and where our pain points were. These were quickly addressed, and we were able to reduce the number of carriers from 14 to 4 which has brought many efficiencies across our dispatch.

I like working with Freight Controller because it has become an extension of our business and I can lean on their skills, experience and expertise with Invoice reconciliation, rate reviews, establishing new carriers, liaison with the freight software provider and the carriers along with one off projects. It is a true partnership which has freed up resources in our business and delivered a higher quality and more relevant outcome for the time and money investment. Decision making has become easier, and we have been able to deliver tangible bottom line profit as a result.

The proactive approach that Freight Controller has is evident across their business with all team members and I can recommend them to anyone who wants to make a serious difference in the control of their freight costs and functions."

- Janelle Bulmer, Director

Contact Us:

To learn more about how we can design and implement similar solutions to your business, please contact us for a free, consultative meeting to discuss:

Robyne Bell
0432 057 105
Robyne@freightcontroller.com.au

David Beach
0425 821 300
David@freightcontroller.com.au

Office
03 9568 6609
sales@freightcontroller.com.au