

Customer Success Story

Country Home Products

Keeping Freight Administration Processes in Check Using Descartes' Transportation Management Solution

DR Power Equipment / Country Home Products Inc. manufactures and markets high-end outdoor power equipment and home and garden accessories under the global DR Power and Neuton brands. Its outbound less-than-truckload (LTL) shipping volumes range from 30,000 to 35,000 shipments a year, while small package volumes range from 195,000 to 225,000 shipments per year. A large percentage (95%) of deliveries are direct-to-consumer, managed by six primary trucking companies that the company relies on for U.S.-based deliveries.

Eliminating Manual Processes

After several years of sustained growth, the company found that using manual processes for certain logistics and related financial reporting was becoming a challenge. "We knew we couldn't use manual processes for dealing with logistics-related transactions and finding ways to reduce our annual transportation costs," said Steve Charles, the company's Manager of Traffic & Logistics.

Charles said the company was facing three major business challenges. The first was time. "It was a time consuming process to manually audit, approve/reject and pay carrier freight invoices. This also increased the potential risk of freight overcharges/payments." A transportation analyst spent six-to-seven hours a day auditing, approving and managing invoices each day.

The second was visibility. "There was no way to tie the freight cost to the order at the product level, or to be able to analyze the data," explained Charles. "When we entered an order for a customer, we didn't know the actual revenue we were generating because costs, such as shipping, were not tied to the order."

The third challenge was human resources. Staff members were spending so much of their effort on audit and approval processes for freight invoices that they weren't available to handle more value-added supply chain functions, such as cost negotiation, cost reduction/control, improving delivery and carrier evaluation. "We realized that if we could automate the process or have one person doing it for an hour a day, the other six hours could be used to ensure optimal rates, drive costs out of our supply chain and deal with higher-value functions."



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Steve Charles,
Manager of Traffic & Logistics, Country Home Products

Automating for Efficiency with Descartes

DR Power Equipment / Country Home Products decided the answer was to automate some of its processes with the freight audit and approval system included in Descartes' Transportation Manager solution. "We felt strongly that a freight audit and approval system would deliver the most value to our organization and meet the business needs that we had identified," explained Charles. "In addition to saving us time and costs on freight audit and approvals, the Descartes solution was also the only one that would allow us to tie the freight cost into our ERP system at the order/product level."

Having an automated system in place delivered a number of advantages for the company from day one. When the person handling freight audit functions transferred to another department, "We didn't have to hire someone to replace him. That was a \$40,000 a year saving from the outset," said Charles.

The major focus during the first few months of using the Descartes system was on reducing labor. DR Power Equipment / Country Home Products then started looking at how to leverage available data for more detailed reporting and analytics. Having timely access to integrated data gave team members the information they needed to forecast cost trends and ensure optimal rates. According to Charles, "This system has given us more clarity about where we are as a company relative to freight and logistics than we ever had before."

In one instance, when diesel fuel surcharges increased, Descartes' solution enabled them to look at shipments by state, frequency and cost and develop 'what if' scenarios to

determine the net impact on shipping costs if delivery volumes went up. "We were able to approach our carriers to ensure competitive pricing across the board," explained Charles. "They came back with some scenarios to counter the long-term impact of the surcharges. We could do that because we had the analysis to support this."

Since the original implementation, DR Power Equipment / Country Home Products has reduced freight audit and approval time from seven hours to 20 minutes a day. Paperwork has been cut dramatically and accounting has reduced time spent on payables by two hours a day.

Not only has the department re-allocated one full time position, remaining staff has more time to focus on freight cost reduction and control, improving carrier service, and evaluating supply chain activities to drive better results.

Carrier invoice error rates have also been reduced to less than one per cent, saving \$100 per day in overcharges on average. The company has also been able to negotiate lower rates with carriers, as well as improve its financial reporting practices.

Plans are now in the works to expand the system to more carriers. The company will also begin evaluating streamlining its international operations. "Given the savings we're seeing, it's almost as if we're not paying anything for the Descartes solution," says Charles. "It paid for itself right out of the gate. I have never found any other solution that provides the same value."

Summary

Challenge:

DR Power Equipment / Country Home Products was using manual processes for its freight audit and approval functions. Not only was this time consuming, it also created the potential for errors. As the company's operations grew, it needed a solution that would streamline administrative processes, reduce costs and improve overall efficiency.

Solution:

The company implemented a Freight Audit and Approval solution from the Descartes Transportation Manager solution to automate paper-based processes, as well as integrate freight costs and other metrics to its ERP systems for improved reporting.

Benefits:

- One full time staff allocated to another department (\$40,000 a year savings)
- Time spent on freight audit and approval reduced from seven hours to 20 minutes a day
- Elimination of paperwork for 200 invoices a day through automated processing
- Carrier invoice error rate reduced to less than 1%
- Recovered about \$100 per day in carrier overcharges
- Improved financial reporting
- Ability to ensure optimal pricing from suppliers