

CASE STUDY

Improving Truckload Utilization: Reducing Costs and Contributing to Sustainability

Challenge

Through Armada's ongoing evaluation of truckload utilization for a quick-service Restaurant Company's nationwide supply chain, shipments from two Chicago-based suppliers to a common distribution center were targeted due to their inefficiency.



Solution

In each instance, the nature of the suppliers' products resulted in inefficient usage of the trailer. A protein supplier could only place 20 pallets on a truck (significantly less than what can typically be accommodated) due to product weight. A nearby bakery supplier could fill all the pallet positions on a truck, but it represented a very light load at only 22,000 pounds. Once Armada approached these suppliers, the three parties recognized that a significant opportunity existed to consolidate these products onto the same shipments, thereby improving truckload utilization and saving money.

After looking at the network holistically, the most cost-effective way to facilitate the combined shipments was for the protein supplier to ship the products to a consolidation warehouse within the Restaurant Company's supply chain. The bakery products were already being forward stored in this facility. This streamlined ordering for the distribution center, which could then place a single order for the combination of products. The new solution allowed 26 pallets (42,600 pounds) per shipment, maximizing the usable space on the trailer.

Results

Consolidating the suppliers' products onto the same shipments eliminated more than 150 truckloads annually to the distribution center, saving the Restaurant Company more than \$150,000 in transportation costs. The improved efficiency had an added sustainability benefit of reducing carbon dioxide emissions by 87 metric tons. The distribution center also experienced some positive improvement in inventory turns and product carrying costs. The Restaurant Company recognized Armada and the suppliers with a sustainability award for their collaboration efforts.

This approach is being evaluated by the parties for application to other distribution centers. Armada continuously looks for similar opportunities with other suppliers that would bring comparable value to the Restaurant Company's network.

Armada demonstrated its strong commitment to partnership with the Restaurant Company by providing a solution that had true benefits for trading partners, as well as the environment.

About Armada

Armada creates innovative, fully integrated supply chain solutions that deliver competitive advantages and improve business performance for our clients.

Armada Solutions

Supply Chain Planning
Supply Chain Technology
Warehouse Solutions
Transportation Solutions
Global Logistics

We believe that there's a better way to manage our clients' supply chains. A better way rooted in simplicity, transparency and extraordinary service to our clients.

We are changing the way supply chains are managed — now and for the future — through innovation and collaboration with our clients.

We provide logistic solutions that create smaller, smarter, and more agile supply chains that adjust to our clients' evolving marketplace demands.

Armada

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