

Transportation Solutions: Reducing Freight Costs and Gaining Visibility

Challenge

A nationwide quick-service Restaurant Company recognized revenue was being lost inside of its supply chain as a result of a fragmented approach to freight procurement and management.



Solution

In partnership with the Restaurant Company, Armada embarked on a highly collaborative and interactive change management process with the company's suppliers and distributors. The objective was to achieve complete visibility to all freight- and transportation-related costs across the Restaurant Company's network, and to reduce those costs as a component of COGS.

Detailed engineering work was performed to quantify current freight-related costs and potential savings. To enable accurate modeling of appropriate freight costs, suppliers and distributors were surveyed to gather detailed freight lane service requirements, including unique origin or destination requirements. In parallel, Armada designed a solution to provide a single point of accountability within the supply chain for freight procurement and operations execution. This included the establishment of long-term, mutually beneficial relationships with asset-based carriers, eliminating middlemen and brokers along with their associated costs. A web-based transportation management system (TMS) was deployed and all stakeholders were integrated to facilitate management and communication. A detailed implementation and phased transition plan was also developed giving consideration to the appropriate pace for success and aligning with the Restaurant Company's timeline goals.

Results

Within two years, the Restaurant Company's entire network was converted. Five years into the fully implemented program, the direct spend on freight costs was reduced by over \$2,000 per restaurant per year, directly improving restaurant profitability. All supply chain trading partners aligned on the objectives and were active participants in the change management process. The Restaurant Company also experienced improved transportation reliability and control with system-wide adherence to policies and procedures, including load security, cold chain compliance and claims management. Complete visibility of all planned and unplanned freight costs across the Restaurant Company's network identified stakeholder behaviors that drive costs into the network (operating hours, rush orders and date changes, chronic detention). A second wave of savings is being realized through the efforts of Armada's Field Services team — identifying unregulated trading partner behaviors then utilizing root cause identification and corrective action implementation.

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.

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