

GLOBAL RETAILER SUCCESS STORY



Global Retailer effectively reduces freight costs by using Iron Data Multi-Mode Shipment Audit

One of the world's largest retailers noticed a 30% increase in their parcel costs for one of their locations, but could not pinpoint the root cause.

They approached their trusted partner, Iron Data, and asked us to help them:

- Identify the root cause for the 30% increase.
- Propose a solution to reduce the cost.

Consultative Analysis:

Using the web based reporting tool, Iron Data BI, we were able to perform a trending analysis on 6 months of history that pinpointed the following:

- The marketing group located at corporate headquarters was initiating the shipments.
- The average weight per package for a particular product group had increased from 4 pounds to 20 pounds (2 - 9 kgs).
- The increase in weight was a result of dimensionalization due to utilization of a non-standard package size.

Proposed Solution

We determined that the root cause was a recent trend to use non-standard size packaging, but we needed to understand the reason for the change before we could offer a solution.

Upon talking to the marketing group, we discovered that the change in packaging was made in order to increase acceptance standards with their customers.

After reviewing the entire business process, we also realized why this change resulted in a 30% increase in freight costs of which no one was aware.

Iron Data Solution Offering

As is the case with most companies, marketing groups do not generally have a resident transportation expert on their team. However, without this expertise they are making decisions in a vacuum because they are unable to factor the impact shipping has on their costs.

In order to ensure unknown freight increases didn't occur in the future, Iron Data proposed the following changes to the marketing release process:

- **Enlist Transportation Expert** – Identify a member from the transportation group to function as a consultant for the marketing group concerning product shipments.
- **Required Test Run** – Perform a test run to determine freight costs prior to a new product launch or when an existing product's packaging has been altered.
- **Profitability Check** – Freight costs must always be factored in to the overall product costs. This will guarantee that the freight costs are never greater than what is charged for the product; thus assuring profitability.

