

Case Study: Food manufacturer saves \$1.4 million annually despite having no IT support

This Midwest based company¹ that has manufacturing operations in a few states and customer-facing distribution points in the usual places. The company recognized a problem: the deployment trucks, that carried canned, other specialty foods and a small quantity of product that required refrigeration should meet weight limits before the trailer space was consumed... but the loads often fell more than 6% below truck capacity. It wasn't a case of just asking the deployment planners to work harder. They needed new tools to maximize shipments.

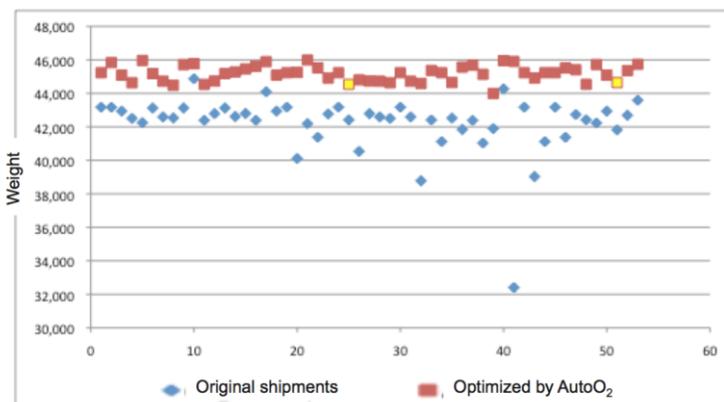
While the deployment requirements were determined by SAP APO, the planners used SAP TLB to construct the stock transfer orders. In addition to not fully understanding the “stackability” of products, SAP TLB did not include the weight of the wood pallets in each shipment so the target weight had to be set artificially low because some loads had had over 40 pieces of wood while others had less than 20. This alone could cost above 1500 pounds of payload – the equivalent of an average pallet. The company identified the need for a tool that would:

- Consider the weight of the wood
- Understand which items could stack on top of which other item
- Match heavy items with lighter requirements to better fill the loads while minimizing the number of expensive refrigerated trailers
- Create loading diagrams (after-all, what use is a stock transfer order that can't legally be loaded?)
- Be scalable – providing support to all sites
- Be easy to use and not put a burden on the deployers
- Not require IT support. Because of other IT initiatives, the company had no available IT capacity

We introduced the software-as-a-service version of AutoO₂ – Automatic Order Optimization that met all the requirements. Most importantly, initial analysis of historical data using AutoO₂ showed a 6.6% potential for savings.

	SAP APO/TLB	AutoO ₂
Optimization	✘	✔
Consider pallet weight	✘	✔
Understand axle constraints	✘	✔
Minimize the number of reefer loads	✘	✔
Provides loading diagrams	✘	✔
Savings	--	6.6%

Savings generated from analysis of historical data



A live pilot validated the 6.6% savings and provided the basis of expansion to an increasing number of lanes.

¹ We are contractually enjoined from using the company's name – but they have been a reference for us in the past

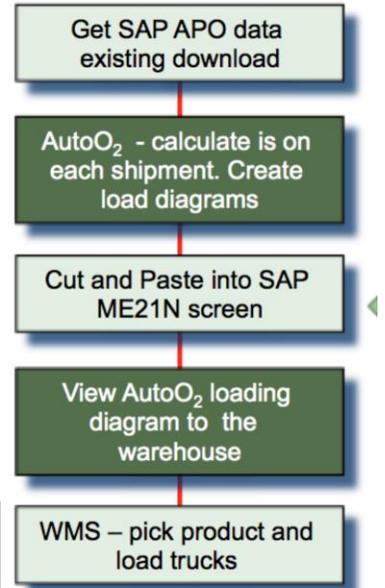
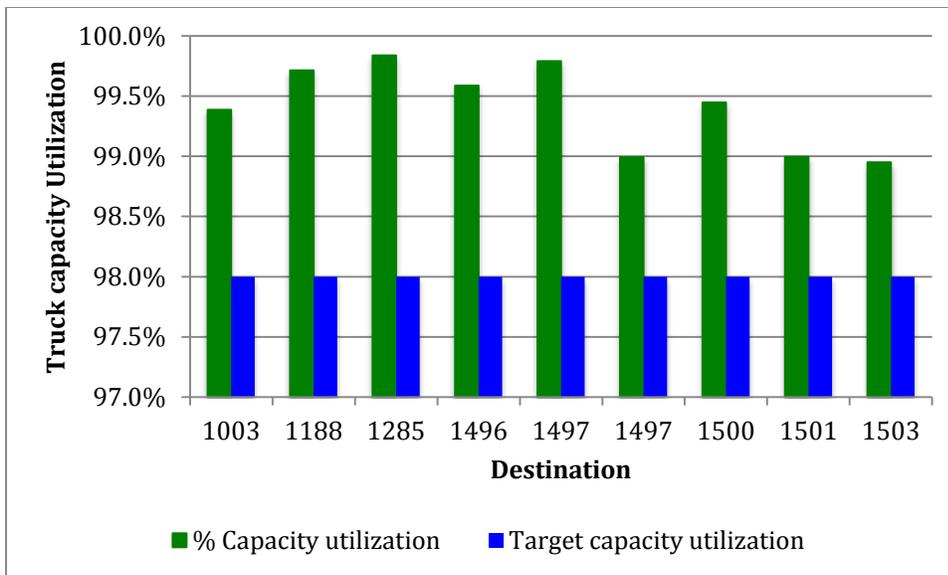
The process, which has been in place for over 3 years, is outlined in the diagram.

Why hasn't the IT team been involved to get the process integrated?

We see a few reasons:

- The process doesn't add much work
- They are achieving the results
- If it ain't broke, don't fix it

Don't take our word for it... here are results (in graphical form) from the weekly metrics report that lands on everybody's desk on Monday morning:



Big savings, concierge service and support means this customer is happy.

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