

A Major Oil & Gas OEM transforms the management of its supply chain to become compliant with its company's LEAN initiative

eShipping Transportation Management System

RESEARCHING NEEDS • PROPOSING ALTERNATIVES • IMPLEMENTING SOLUTIONS



THE NEED

A Major Oil and Gas OEM, a market leading provider of technical products and services for the global oil and gas industry, needed to improve the management of its supply chain and trim costs. A rapidly increasing demand for its core products created a supply chain that became difficult to manage. The data needed to manage the supply chain was scattered. Inbound freight was not being managed for maximum efficiency. Freight was being tendered to improper modes of transportation. Billing was being done manually without being electronically audited and downloaded into its accounting system. Branch locations did not have access to freight management systems/procedures that were coordinated with the corporate headquarters. The client selected eShipping as a core partner to trim cost, increase operational efficiency, and bring the management of its transportation processes to a first-in-class level so as to become LEAN compliant.

THE STRATEGY

The scope of the project necessitated onsite analysis by five different eShipping personnel to analyze purchasing, manufacturing, and accounting functions of the business. Once the appropriate solution was agreed upon by the Major OEM and eShipping team, an implementation timeline was produced. This timeline was followed with quarterly reviews to benchmark the success of implementation of the Price Waterhouse Cooper (auditing firm the client hired to study process improvements) findings towards LEAN improvements.

THE SOLUTION

The OEM made the decision to utilize the freight rate negotiation services of eShipping. Carriers were then selected based upon the value provided as a function of pricing, speed of transit, and technological advancement. These profiles of the selected carriers were then loaded into the Einstein TMS system to manage the client's freight movement. Crucial areas of consideration involved:

- Carrier selection based upon need and dock space limitation
- Inbound routing management and consolidation
- Outbound volume Quality Control management
- Transportation optimization
- Purchase order coordination with General Ledger accounting allowing electronic billing
- Freight bill consolidation and auditing
- Electronic Reporting to various management personnel
- Analysis and inclusion of parcel services

case study overview

THE NEED

Reduce cost and increase the efficiency in the management of its transportation processes.

THE STRATEGY

- 1) Analyze the business to develop a comprehensive understanding of current practices to determine the distance between current practice and first-in-class service.
- 2) Inform the staff of the various solutions that could be chosen to meet the need.
- 3) Implement, maintain, and continually propose new changes to stay current with marketplace demands.

THE SOLUTION

Implementation of freight rate negotiation and a transportation management system with technology capable of streamlining processes, increasing data visibility, and reducing operating costs.

THE RESULT

- 1) Bottom line savings that exceeded expectations
- 2) Customer service improvements that awarded eShipping a status of preferred vendor at the Fall 2008 Purchasing Forum.

THE RESULT

The OEM reported during the investigative stage that they were looking for 1) cost reduction, 2) technological advancements, and 3) a company whose personnel they could partner with to forge a long-term business relationship. These three parameters were successfully implemented and measured within the first six months. The Major OEM management reported the following findings:

- Customer service staff available during and after hours
- “A company that has perfected the lost-art of pleasurable relations”
- Freight cost reduction bench mark exceeded
- Man-hours eliminated from transportation & made available for more productive tasks
- Successful implementation of all vendors and off-site offices
- Consultative guidance given by eShipping personnel trained in state-of-the art supply chain management practices

ABOUT THE MAJOR OEM

The Major OEM has been founded on the ability to deliver engineering solutions that improve the quality, safety and value of their customers' activities in the three market segments of oil & gas, power & industrial, and mineral applications. Their business is to deliver the benefits of value engineering and innovation to their customers, extending the lifespan and enhancing the performance of processes and equipment in many of the world's most challenging environments.

ABOUT EINSTEIN

eShipping's Einstein TMS System allows client's to procure and manage carriers, ship freight, track loads, and manage transportation intelligence all through a centralized, easy-to-use, web based interface. The system boasts best-of-breed planning, optimization, execution and analysis capabilities.

ABOUT eSHIPPING

eShipping is a national organization that helps companies control costs, manage processes and increase efficiencies by creating customized logistic solutions that streamline freight management, shipment planning and execution, and carrier selection. Our expertise and “creative logic” allow us to implement solutions that are tailored to meet the individual needs of each of our clients. By putting people and principles over profits we have been able to build powerful relationships that not only provide best-in-class service but also improve the quality of life of our clients, vendors and employees.



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