

SUPPLY CHAIN CONSOLIDATION

Streamlined supply chain helps drive successful merger of global petrochemical manufacturing leaders.

When two major petrochemical manufacturers decided to merge, executives from both companies envisioned a global industry leader comprised of world-class talent, products, technology and production capabilities. A priority to achieve this goal was a streamlined supply chain focused on customer service.

THE CHALLENGE

The new company faced a number of challenges to ensuring an efficient supply chain. First, it needed to reach consensus on how to improve its transportation strategy. One legacy company was experienced with using a third-party transportation provider. The other company, which had unsuccessfully worked with a third-party logistics provider (3PL) in the past, believed it had the right solution with its core carriers.

Further, the new company needed to address lingering operational issues of the prior businesses that resulted in mediocre customer service and strained internal staff. These included:

- **Limited transportation capacity for meeting customer needs.** Because one company was using a core group of carriers with inadequate capacity, some customer shipments were delayed until a truck was available. This inconsistent delivery performance was a critical issue for major customers in the auto industry that needed smaller quantities transported via just-in-time, same-day delivery. The problem was further compounded by seasonal demands of the agriculture industry in the same region that competed for limited trucking capacity.
- **Multiple providers creating unnecessary complexity.** Pre-merger, each company had its own set of carriers, each with different contacts for sales and dispatch as well as different rates, fuel charges, accessorials, contractual terms and conditions, claims procedures and other policies. These complexities placed excess strain on already limited internal resources, and the long list of providers equaled more meetings, follow up and time demands.
- **Inefficient IT systems and order tracking.** Managing this network was complicated by multiple IT systems that could not share information. At one of the companies, employees had no online access to track orders. At the other, employees had to go to carriers' online tracking sites to find the status of a shipment, each requiring different log-ins and passwords. Given the complexity of managing shipments on multiple websites, the company's customer service representatives and operations staff often did not have time to track and trace orders.

Finally, the new company had plans to open a facility in Mexico but did not have a transportation network established. It also needed to establish financial procedures for its Mexico operations to avoid negative tax implications. The new company asked Mode Transportation to consolidate the legacy supply chains and pave the way for entrance into Mexico.

CHALLENGE

Lack of consensus on transportation strategy

Limited transportation capacity for meeting customer needs

Multiple providers creating unnecessary complexity

Inefficient IT systems and order tracking

SOLUTION

Provide single point of contact

Increase capacity while reducing the number of carriers

Standardize rates and policies across all carriers

Improve visibility through TRITAN™ TMS

RESULTS

↑ On-time delivery

↑ Employee efficiency

↑ Shipment visibility

↑ Established shipment network for Mexico facility



THE SOLUTION

Mode Transportation was designated as the single-source provider, ensuring a single point of contact for the new company. It provided increased capacity, while simplifying operations and reducing the number of carriers.

Mode Transportation streamlined business procedures by charging the same rate no matter which carrier was chosen for a particular shipment. Line-haul charges, fuel surcharges and other fees were standardized across all carriers.

To improve tracking, the company adopted Mode Transportation's proprietary TRITAN™ transportation management system. Mode Transportation trained customer service representatives (CSRs) on the system, which enabled the track and trace of all loads in real-time, from anywhere with a broadband Internet connection. TRITAN™ also provided CSRs with easy access to pre-negotiated rates and other essential information.

To support the new company's limited corporate staff, Mode Transportation also provided an on-site contact to assist transportation and customer service teams, ensuring effective communication with all parties.

THE RESULTS

Increased on-time delivery rate to 99 percent

Improved employee efficiency so staff could focus on other core functions

Provided increased visibility to shipment status information

SUPPLY CHAIN CONSOLIDATION

"Because of our commitment to learn the customer's business and provide solutions to any and all challenges, we were able to overcome the transportation obstacles associated with merging two organizations. The new company has a streamlined supply chain and improved customer service."

Jim Damman
President,
Mode Transportation

A true business partner will take on the biggest challenges and deliver value for its customers. Contact Mode Transportation today for consulting and complete transportation services to help you improve your shipping strategy.

Contact us to learn how to drive change in your organization.