

HydraForce Drastically Reduces their Inbound Transportation Costs

Manufacturer cuts their inbound transportation costs by over 50% through changes to their transportation philosophy and practices.

The Challenge

Gain control over rising transportation costs scaling with rapid company growth

The Solution

Transportation & Logistics Managed Services

The Result

Freight costs as a % of sales dropped from 1.7% to 0.7% and \$500k+ trimmed from freight costs

Company Background

HydraForce offers a blend of customized design solutions and superior product performance, while manufacturing the highest quality hydraulic cartridge valves, manifolds and electro-hydraulic controls. Founded in 1985, HydraForce now has manufacturing locations in North America, Europe and Asia, with a network of 120 stocking distributors who can offer local support across the globe.

Business Problem

HydraForce's transportation area was being handled through their procurement department, under a previous philosophy that freight is merely something that is purchased. Additionally, the company's pledge to delight their customers meant they often expedited freight without knowing if it was completely necessary. A great deal of HydraForce's freight is inbound, but there was no uniform system for understanding what the true costs of that freight were.

Jim Pino, Global Logistics Leader at HydraForce, came aboard in 2018, and knew there was an opportunity for savings in their transportation area. He reached out to TranzAct, and the process began with our team conducting a Rapid Assessment of their entire transportation function.

There were three key areas that needed work, according to the assessment:

1. It was confirmed that HydraForce was spending more than it needed to on transportation in total. While the company experienced rapid growth of over 45% from 2017 to 2018, their internal functions did not mature at that same rate. In order to keep up with customer needs, hot shipments had developed into the norm instead of the exception.
2. HydraForce was not collecting the data necessary for fully understanding their transportation area. With so much inbound freight using a wide variety of carriers, invoices varied greatly, and there was no system for consolidating or standardizing the information, let alone creating effective reports.

3. The structure of purchasing and tracking transportation activity was wrong. The lack of a dedicated transportation department meant details were getting lost in the day-to-day activity and data was not being leveraged for future gains.

Armed with this information, Pino received permission from the company to move forward on his mission to get the transportation function up to speed as quickly as possible, leveraging the knowledge and tools TranzAct offered.

Solution - Managed Services

TranzAct customized a Managed Services solution that leveraged the Rapid Assessment discoveries.

The solution began with a foundation of Freight Audit & Payment services for both domestic and international moves across all modes. This not only ensured the right bills were being paid accurately and on time, it allowed for a single, comprehensive data warehouse that gives HydraForce full visibility to their transportation spend.



Additionally, HydraForce consolidated domestic LTL moves mainly into TranzAct's Freedom Logistics Network. This LTL procurement and management system leverages our collective buying power to provide lower rates and continuous coverage from a vetted core of carriers. This also provided access to our StarRate rating engine that made it easy to understand the cost of each LTL move before it was made, and helped provide reliable reporting on the back end. For those carriers that were outside the Freedom network, yet vital to HydraForce's operation, TranzAct was able to still consolidate the carrier rates into the tool, as well as in reporting.

Constellation TMS was employed to handle the management of day-to-day shipping and to ensure all shipping activity was entering the global data warehouse. Constellation's Vendor Portal was a key component of the software for HydraForce, as it allowed for a massive improvement of scheduling their vendor inbound shipments.

Customized dashboards were created through TranzAct's Telescope Data Mining Tool, which made it easy to track activity and maintain cost control.

And to top off the offering, TranzAct's load planners quickly learned the HydraForce business, gained an understanding of their day-to-day and longer term shipping needs, and began serving as a valuable resource to get keep the supply chain moving, but at the lowest total landed cost. Applying their transportation expertise, the load planners have been able to offer insights and improve shipping processes by working with Pino and his team.

Value Proposition

Ultimately, TranzAct's combination of technology and people provided HydraForce access to better data, with a centralized place to view their transportation spend. This actionable data was exactly what Pino was looking for to be able to drive change throughout the organization—for example, helping purchasing to see that not every shipment needs to be marked as hot.

At this point, HydraForce remains without an internal transportation department. They haven't needed to build that out, since the TranzAct load planners, in combination with Constellation TMS, have seamlessly transitioned into that role.

"Overall, they've become our transportation department," says Pino.

The efficiencies brought through the load planners and TMS has resulted in HydraForce's inbound freight cost being reduced by half.

The Freedom LTL network has produced additional savings, shaving 9.8% off their LTL bill, while the freight audit and payment services has trimmed over half a million dollars from their costs.

In total, freight costs as a percentage of sales have dropped from 1.7% when Pino began in Q2 of 2018 to now 0.7%.

"I received systems, data, and resources. I gained a partner that can help me solve problems," explains Pino when considering the breadth and depth of the TranzAct solution.

Next, he plans to work with TranzAct to fine tune HydraForce's inbound scheduling, explore benchmarking his distributors' rates to get greater outbound savings, and leverage the data he now has to conduct an RFP for freight forwarding.

"TranzAct's team really has become an extension of HydraForce, making sure our transportation is pleasing our customers while getting our operations to the point of maturity."

-Jim Pino, Global Logistics Leader for HydraForce

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