

Case Study

Manufacturer Aligns Disconnected Divisions into a Single Strategic Network

Their holistic sourcing event reduced spend, aligned carriers, and set the stage for long term savings.

The Challenge

Inconsistent pricing, excessive costing, disjointed logistics operations

The Solution

LTL Sourcing Program and Constellation TMS

The Result

Unification and visibility that resulted in streamlined operations and a 27.8% reduction in total LTL spend

Company Background

Founded nearly a century ago, this global manufacturer produces a wide range of heating, cooling, water heating, and commercial refrigeration products. It operates multiple divisions across North America and internationally, with each division historically managing its own transportation processes and carrier relationships. Domestically, the company ships primarily via Truckload (80%) and secondarily via LTL (20%).

Business Problem

As is common with companies that grow both organically and through acquisition, each division operated autonomously. Every division maintained its own carrier base and negotiated its own contracts. A new corporate procurement leader recognized that the company had never attempted a unified, enterprise-wide bid—and that combining volumes could create leverage, reduce rates, and bring consistency across divisions.

“It is important to have a partner like TranzAct who can deliver immediate cost savings and show us a path to greater transportation savings and control over time. Each successful step reduces our risk and justifies moving toward a total program.

- Executive Leader at HVAC Manufacturer

A Rapid Assessment of the largest division—conducted in partnership with TranzAct—revealed significant LTL savings potential. The analysis highlighted several issues:

- Each division negotiated its own rates and fuel surcharges, resulting in inconsistent pricing—even with the same carriers.
- The company was paying excessive expediting fees for shipments under 500 pounds.
- Divisions used different RFP processes, and contract expirations created urgency for a coordinated approach.

The expiration of a major carrier contract in the largest division became the catalyst for a corporate wide procurement initiative.

Solution – Procurement & TMS

Corporate Procurement engaged TranzAct as the third party partner to conduct a unified LTL sourcing event across all divisions.

TranzAct consolidated, cleansed, and standardized shipment data for presentation to carriers, then managed the entire bidding process from start to finish. A single fuel surcharge table, standardized accessorials, and consistent contract provisions were created and accepted by all participating carriers.

All carrier bids were compiled and optimized to identify the best and lowest cost carriers by lane. A consolidated rate table with spend estimates was produced for each division. Due to contract deadlines, the entire procurement process was completed in just over 90 days.

Two of the company's largest divisions already had transportation management systems in place, but the remaining divisions operated manually. TranzAct provided a centralized rating tool to those divisions to ensure accurate and efficient rate selection for every shipment.

The most significant outcome of the corporate procurement—led by TranzAct—was a 27.8% reduction in total LTL freight spend. This savings came from multiple areas:

- Consistent carriers and unified rates across all divisions
- A standardized fuel surcharge table that reduced fuel spend by 20%
- Incumbent carriers lowering rates due to increased corporate volume
- New carriers introduced through TranzAct's collective buying program, expanding options and improving competitiveness

Additional initiatives are already underway. A Truckload procurement—representing more than five times the company's LTL spend—is in progress. Once complete, a transportation management system will be extended to all divisions for rating and routing both LTL and TL shipments. Future phases include parcel procurement and a freight audit and payment program to complete the company's holistic transportation spend management strategy.

Get the Structure, Visibility, and Savings You Need

Learn more about TranzAct's LTL Sourcing and Procurement →