



CASE STUDY

Transportation & Logistics Management using Constellation TMS

Penray

Penray significantly reduced its freight spend and increased control of transportation by employing processes and tools from TranzAct.

Company Background

Since 1951, **Penray** has manufactured quality chemical products for automotive, heavy duty, marine, and industrial applications. It is comprised of four business units covering heavy duty, automotive, custom/private label, and export. Penray's broad line covers coolants, fuel additives, oil additives, maintenance products, service items, and winter products.

In addition to branded products, Penray offers a broad array of custom formulations and packaging capabilities to accommodate customer-specific private label requirements. Penray manufactures products for sale in over 20 countries worldwide and provides products labeled to meet country-specific requirements.

Penray's primary sales channel is through retail distributors such as Amazon.com, Meijer, and CVS. Penray is primarily an LTL shipper with an average shipment size of 3,000 lbs.

Business Problem

As with many medium-sized LTL shippers, Penray routinely made shipping decisions based on their incumbent carriers' lowest rates. Further, these decisions were not captured in any automated systems for reporting or future analysis. Penray realized they needed to explore ways to reduce their freight spend. At the same time, they wanted to increase their command and control of transportation, reduce risk, eliminate their dependence on manual processes and local knowledge, and remedy the lack of information for business intelligence.

They conducted an RFP to survey the market offerings and estimate their savings opportunity. They invited numerous, well-known logistics service providers to bid on their RFP. Based on a key employee's previous

Penray has achieved:

- **5% fewer shipments**
- **14% more weight shipped**
- **18.9% decrease in \$/CWT**

experience with TranzAct at another shipper and references provided by major industry organizations, TranzAct was included in the RFP vendor candidate list.

Solution - Procurement & TMS

TranzAct became the vendor of choice because of its clear understanding of Penray's business issues, demonstrated range of creative problem solutions, and superior freight bill savings forecast.

To realize Penray's objectives, TranzAct proposed two solutions: Freedom Logistics to reduce transportation spend and a combination of Constellation and Managed Services to increase command and control of transportation and lower risk.

First, TranzAct implemented its Freedom Logistics system for LTL procurement and management. It leverages Freedom's collective buying power to realize lower rates and continuous coast-to-coast coverage. Freedom Logistics provides customers with a dependable network of vetted, qualified, and stable National and Regional LTL carriers. Customers immediately realize, then sustain, significant reductions in their LTL spend and protect the quality of their service at the same time.

In this LTL realignment, some incumbent carriers were retained and new ones were added. The Freedom construct allowed TranzAct to obtain better rates for Penray from those carriers, to allocate carriers properly to the appropriate lanes based on the best rates, and to employ the correct carriers in the right situation—alternating lowest lane rates with minimum charges to realize the lowest overall costs.



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Performance. Not Promises.

To increase command and control of transportation, Penray chose to outsource its day-to-day transportation management to TranzAct's Managed Services operation. Daily, Penray's ERP system sends a file of orders to be shipped to Constellation, TranzAct's Transportation Management System. TranzAct's operational staff uses Constellation to optimize Penray's transportation plan, allocating the lowest cost carriers in each lane, applying LTL and TL minimum charges when they are more cost-effective, and consolidating shipments moving in the same lanes into truckloads when appropriate.

The Constellation system then tenders all shipments to the carriers, provides tracking and tracing to Penray and to the TranzAct operations staff, and provides all personnel with a performance-to-plan dashboard. Finally, TranzAct's system settles Penray's freight bills with its carriers.

Constellation provides Penray with other benefits. Major retailers often favor (or choose to exclude) certain

carriers. Constellation ensures these preferences are observed as carrier selections are made. In addition to total shipment visibility, Constellation also provides Penray with valuable business intelligence, including the proper data for financial reconciliation and quarterly trading partner report cards.

Value Proposition

The implementation of Freedom Logistics delivered significant financial benefits to Penray. Initially forecast at between a 12% and 18% savings, **the realization has been an 18.9% decrease in \$/CWT** when factoring the greater volume and reduced number of shipments. In the most recent Year-Over-Year Quarterly comparison, due to increased LTL to Truckload conversion, the number of total shipments has decreased by 5% while the total weight shipped has increased by 14%. On time delivery performance has increased from 92% to over 97%—especially important to avoid retail distributors' chargebacks for late deliveries.

Employing Constellation and TranzAct's Managed Services has allowed Penray to gain the control of transportation operations they desired, to reduce their risk, and to get access to comprehensive business intelligence. Penray now has both operational and management business intelligence to evaluate and measure transportation performance – information that was unavailable under the old, manual way-of-working. Transportation management processes have improved and productivity has increased.

“TranzAct delivered significant cost savings and the processes and resources to transform our transportation,” states Shannon Flint, Senior Purchasing Manager for Penray. “Their expertise and professionalism has been the key to a seamless and painless operational transition.”



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