



EXPENSE REDUCTION ANALYSTS®

ERA Adds \$238,000 to a Footwear Importer's Bottom Line By Reducing Their Air/Ground Courier Expense 14%

Case Study Category: **Air/Ground Courier**
Client's Industry: **Importer and Distributor**

Client Overview

A \$100M California Importer and Distributor of footwear and clothing spent \$1,700,000 annually on Air/Ground Courier Expenses.

Our Client's Goals

To competitively serve its customers by accepting and fulfilling small replenishment orders in a timely manner.

The ERA Process

ERA Analysts employed our 10 step Intelligent Cost Reduction process to meet the needs of the client. ERA studied client's shipping characteristics and seasonality to better understand how the various options available in the marketplace could deliver better value to its customers.

Our Analysts studied 12 months of shipping history and then carefully extracted one month of detailed data from each of client's four locations. ERA Analysts traveled to the client locations to understand the critical issues surrounding order fulfillment and delivery. ERA Analysts noted the growing trend in the client's web based shipping primarily to residential addresses. They also reviewed current vendor performance for on time delivery and other service issues. Based on stakeholder interviews and key findings from analysis of the low level data, ERA issued Requests for Proposals from pre qualified vendors that could provide the level of service required by the client and were known to be cost competitive. Supplier proposals were reviewed and discussed with each supplier with a view to arriving at a recommendation for the client.

The Result

ERA presented the client with a Recommendation Report that compared the competitive proposals on costs as well as service coverage and recommended one of the incumbent suppliers to be the client's exclusive Small Package carrier. The client responded by seeking a buy in from various internal stakeholders before allowing ERA to proceed with the implementation of its recommendations. The selected vendor put together a 9 man implementation team representing the various client locations as well as support services such as IT and customer service. Client had previously agreed to electronic billing and this was implemented in close consultation with client's accounting department.

As a result of this process, the client saved \$238,000 annually in hard costs with additional savings realized on account of process improvements and electronic billing. **In total the client invested a total of eight hours on this project and is now considering ERA's services in other cost categories.**

