


 TRANSFREIGHT

S1

The total PACKAGE:

How a third-party logistics company challenges the status quo

Kaizen is the Japanese word that translates into English as “continuous improvement.” In practice, the kaizen strategy encourages companies to continually improve all aspects of their service structure to achieve the highest business standards and best results possible. The word has great significance to Erlanger, Kentucky-based Transfreight, a premier third-party logistics provider that engineers lean supply chain solutions for a broad spectrum of customers.

OPERATIONS BEGAN IN CANADA

Founded in 1988, the company began by tackling logistics problems at Toyota Motor Manufacturing Canada, Inc. in Cambridge, Ontario. This experience helped open doors to a wide range of other manufacturers, including Bosch, Suzuki, Yamaha, and Emerson Climate Technologies. Over the past several years, Transfreight has experienced 15 to 20 percent annual growth, and expects to double its revenues in the next five years.

“We solve logistics problems, working as both a lean logistics provider and consultant,” said David Burns, Chief Operating Officer of Transfreight. “Our focus is on helping each customer on a one-to-one basis to understand their

supply chain needs and then to reduce their total logistics cost, rather than just their transportation costs.”

“Transfreight doesn’t do cookie-cutter solutions; we customize each solution for each customer,” said Burns. “We focus on all their inventory and transportation-related costs, and then leverage our kaizen culture to apply the right mix of tools, technologies, and processes to reduce their operational costs.”

The company employs several key strategies to invigorate customers’ supply chains. For example, customers may have suppliers who ship fairly small volumes of inventory. Rather than Transfreight working with the suppliers separately, they work to combine those suppliers’ shipments with shipments for other customers, creating efficiencies that benefit all involved.

TECHNOLOGIES ENHANCE, EXTEND EXPERTISE

To help customers connect their manufacturing processes and supply chains, and create efficiencies, Transfreight has developed its own multi-module Integrated Design Suite (IDST[™]) to quickly and effectively design transportation networks and their components using vast constraints and business rule logic. One module, the Crossdock Resource Optimizer (CRO[™]), creates highly efficient floor layouts that help improve parts flow, while minimizing the large staging areas of traditional crossdocking.

"The CRO module enables us to generate many 'what if' scenarios that lead to benefits for the customer in terms of lead time reduction, handling time reduction, and schedule definition and flexibility," said Burns. "It's helped us to be a leader in maximizing crossdocking benefits for customers. We also use other best-of-breed software packages developed by others. Our expertise and track record in both strategy and operations helps us get the most benefit and leverage out of the tools we use."

Another strategy that Transfreight is using to create efficiencies for customers is utilizing and expanding its logistics solutions centers. In these specialized facilities, the company provides crossdocking, as well as a range of other "facility services" such as sequencing, returnable container management, and repack. "We've found that offering a variety of services that are then tailored for each customer is best," said Burns. "For example, our three facilities near CAMI's Ingersoll plant provide the right mix of crossdocking, sequencing, and aftermarket parts distribution services for that customer."

INDUSTRY CHALLENGES AND STRATEGIES TO MEET THEM

Burns observed that there is considerable consolidation in the logistics industry now, especially in trucking. Transfreight has not been impervious to the challenges facing most logistics providers with an asset-based component to their operations, which include rising fuel costs, driver shortages, and changing government-mandated safety regulations and equipment specifications.

"Since transportation revenues account for a large portion of our total sales, we pay very close attention and continuously innovate," he said. "Rather than buying another trucking company, we've used the strategy of customizing our services by creating and incorporating an owner/operator division, which provides a cost-competitive trucking solution for several of our customers."

"Transfreight is a stable, privately held company, and is not at risk of being bought out by large public corporations and having the strength of our culture diluted," noted Burns. "We see some of our competitors consolidating and expanding their services through acquisition. Since we're focused primarily on manufacturing companies throughout North America and growing steadily by serving each customer fully, I don't see us changing our status or basic plan."

A second strategy that Transfreight is using to meet evolving industry challenges is significantly expanding its packaging design and management service offering, which helps customers reduce their total logistics cost. "We started developing packaging solutions for one customer five years ago, and now offer a wide range of such services," said Burns. "Proper packaging affects the ergonomics and the safety of parts, and can cut costs and add value to each segment of the supply chain."

Further evidence Transfreight is planning to succeed now

and to build the foundation for future success is through geographic growth, e.g., in areas such as the opportunity-rich southern region of the U.S. Burns said the company has also moved its offices in Mexico to a new location to accommodate customer account growth there. Because Transfreight is a subsidiary of Mitsui & Co., Ltd., a large, publicly traded investment, trading, and services company with numerous other logistics entities from Europe to India to China, there are opportunities for the company to support its customers globally.

"Keeping the right balance of aggressive growth and ensuring that we're continuing to serve current customers the way we both expect is a top priority," Burns commented. "We're selective about who we work with and have turned down attractive business if we believe there isn't a good match between our companies or if the timing isn't right."

Burns credits Toyota for teaching Transfreight much of what they know and practice regarding both lean manufacturing and logistics. "We've worked closely with them for over 19 years now," he said. "That relationship, as well as our experience with many other manufacturers, has taught us that no one solution works best for every business." 🌱

EAST PENN CANADA

East Penn Canada, headquartered in Ajax, Ontario, is Canada's largest national distributor of lead acid batteries and chargers for industrial motive power, automotive, commercial truck and small engine applications, as well as telecommunications and UPS emergency backup power systems. The company also collects and recycles spent batteries.

East Penn CANADA

Batteries & Chargers For All Applications

Scrap battery collection and recycling

14 full service locations coast to coast

East Penn Canada
165 Harwood Ave. N
Ajax, ON L1Z 1L9

Tel: 905-427-2718
Fax: 905-427-0854
Toll Free: 1-800-961-4931