



I.T. Toolkit | by Dan Calabrese

Airfreight Costs Touch Down

Customer service scores big points at Irving, Texas-based Easton-Bell Sports, which manufactures a wide array of sports equipment, including Ridell football and hockey helmets; Easton baseball bats and gloves; Bell bicycle parts and equipment; and a variety of racing, fitness, and yoga products. Easton-Bell's brand names have been well-known in the sports world for more than 80 years, and the manufacturer continues to post big numbers on the board, with current annual sales totaling more than \$600 million.

The sporting goods company's customers range from community sports leagues to the National Football League, from mom-and-pop shops to major retailers such as Toys 'R' Us. Easton-Bell's customers often order large quantities of equipment, and they frequently want it as quickly as possible.

Eager to please customers, Easton-Bell sales representatives have traditionally been happy to ship orders via air freight. And while the company wants to compromise nothing in the area of customer service, mounting airfreight costs caused Lewis Hornsby, Easton-Bell's head of global transportation and logistics, to wonder if it

was possible to meet customer expectations more cost-effectively.

The answer was yes, thanks to Elmwood Park, N.J.-based Ultra Logistics. The solution provider's transportation management system, UltraShipTMS, now gives Easton-Bell's logistics managers network visibility and control over inbound and outbound transportation.

CLEARING THE AIR

Easton-Bell ships goods from a variety of locations, including warehouses in Salt Lake City; York, Pa.; Alyria, Ohio; Rosemont, Ill.; and Los Angeles—as well as two Mexican operations in Tijuana and Torian. The

Athletic equipment manufacturer Easton-Bell Sports scores big airfreight savings with an assist from UltraShip's transportation management system.



company also warehouses through partners in Shinjin, China; France; and Manchester, U.K.; and operates a supply chain office in Hong Kong. The manufacturer typically uses between 15 and 20 airfreight providers to ship from these locations to destinations around the world.

With annual shipping costs reaching \$50 million, Easton-Bell realized it needed to better manage transportation decisions. While air freight is the most expensive transport mode, a more cost-effective option often could get the job done just as well.

"Purchasers and inventory managers made airfreight decisions at the buying level," Hornsby says. "But they were focused on putting inventory where they needed it, regardless of transport mode. As a result, they often made transportation decisions without considering the cost impact on the product."

PUTTING CARRIERS IN THE VIP SEATS

Easton-Bell wanted to continue working with its list of preferred airfreight carriers rather than making each project a subject of public bidding. The company was able to add its established service providers to UltraShip TMS's carrier list and limit bidding to that pre-selected group.

Once Easton-Bell makes a load available, carriers submit bids that come back through the secure system to a single screen. The decision-maker can then review those bids and make transportation selections according to the parameters defined by customer needs.

The ability to limit bidders is a crucial difference between UltraShip TMS and its competitors, according to Joe Librizzi, who headed Easton-Bell's UltraShip installation team.

"UltraShip is not a public auction site; it's a secure connection among parties," Librizzi says. "The system connects shippers to their selected group of carriers, and provides advance notification of shipping requirements so carriers

A TEAM EFFORT. By huddling with its software vendor, sporting goods company Easton-Bell scored a TMS that tackles airfreight costs and kicks up visibility.

can offer the most cost-effective rate for moving shipments within the required delivery times."

UltraShip designed the system so users can customize not only the list of potential vendors, but also how shipping decisions are made.

"Users can automatically select the lowest-cost shipping option, or they can allow a central control person to make the transportation decision based on other factors," Librizzi says. "Users get an automatic tender of the shipment after they select the mode, as well as ongoing updates through their airfreight partner."

As a result of using UltraShip TMS, Easton-Bell now tenders only about 50 percent of the shipments it gets airfreight quotes for, and has shaved a total of \$2 million off its annual shipping expenses. The system also saves Easton-

Bell considerable time.

"We receive rate information quickly; it no longer takes days," Hornsby says. "We give service providers 12 hours to submit a price, enabling us to make most of our transportation decisions within one day of posting the bid request."

Easton-Bell also saves money internally because different staff members can use the same information simultaneously.

"Everyone works on the same system," Hornsby explains. "They can input all the information we need to bid a shipment in less than one minute, and that information is visible to everyone. Before we implemented UltraShip, we did not have access to a lot of that information."

The system has improved communication among Easton-Bell's departments. Hornsby offers the example of shipping



2,000 helmets from Hong Kong to Salt Lake City.

"Before we implemented UltraShip, a sales rep might have ordered all 2,000 helmets to ship by air," Hornsby says. "But now, the rep has to key the order into the system so the transportation team can consider the cost impact of the move.

"Let's say the air shipment costs \$5,000," he continues. "That's \$2.50 per helmet. If our margin is only \$1.85 per helmet, we lose 65 cents on each one. We can't justify the air-freight expense."

The system's ordering flexibility can also create considerable cost savings.

"Suppose there's a nine-day lead time on an order for eight pallets of product, but you only need one pallet to meet your immediate needs," Librizzi says. "UltraShip provides the ability to ship one pallet via air, and move the remaining products via ocean or truck. That substantially reduces transportation spend."

COMPETITIVE SPIRIT

Users can seek carrier bids on specific shipments, but preset parameters identify how much air freight is required to satisfy customer demands. UltraShip limits the volume of products that can move by air, and arranges to ship the rest via ground or ocean at a significant cost savings.

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each other," Hornsby explains. "Before, a competitive situation did not exist. We're still spending more than I want to spend on air freight, but I feel we're getting the best available rates."

The amount Hornsby wants to spend on air freight is zero, and he's told his airfreight providers that. That goal is not achievable, of course, but the providers understand they have to come through with bids representing exceptional value to earn Easton-Bell's business. The speed and visibility of information generated by the UltraShip TMS mandates that.

HOLDING THE LINE

It's not a one-way street, however—Hornsby returns something of value to his airfreight providers as well. He is determined to hold the list of providers in the system to a limited number. Fewer carriers makes the system more cost-effective to operate, and allows Easton-Bell to get more value out of the relationships it has already built. "We could open the system to 75 providers; they are always knocking on the door," Hornsby says.

In addition to moving shipping activity to ocean—often by consolidating material in containers set to ship from Hong Kong—the TMS also encourages carriers to submit more accurate bids.

"They know they're competing against

But they're not getting in, and Easton-Bell's current airfreight providers know they have to deliver consistent service, at competitive rates, to hold on to the business. After all, that's the name of the game. ■