TRUST DELIVERED UPON:

Inbound PO Management Produces Annual Cost Savings in Excess of $400,000 for Global Exploration and Production Company

BACKGROUND

Schneider approached a global exploration and production (E&P) company alerting it to costly safety and compliance issues within its supply chain. After engaging, it was discovered that there were a larger group of negative symptoms and business critical standards that could be solved for by implementing Schneider's proprietary PO Management tool.

SITUATION

While safety is a concern for all businesses, it is a critical concern for those in the energy industry. The liability of allowing movements of freight with carriers who aren't qualified through its carrier safety program assessment puts the company at risk to the tune of $18,000,000. An internal Driver Safety Program (DSP) audit that checks for safety vetting and qualifications is standard practice, not to mention a part of its license to operate. Business operations would be required to stop if they didn't pass.

The customer saw an inherent lack of control over its own network and processes, and had none of the visibility required to begin improvements. Current processes were manual, messy and prone to errors. Transportation costs were buried in the cost of goods and varied from supplier to supplier.

Additionally, SKU-level detail and vendor compliance and performance information was unavailable.

SOLUTION

After its assessment, Schneider proposed and was invited to implement its exclusive PO Management tool. Unique to the needs of each implementation, it provides this customer with inherent alignment on P&D appointments and load planning, as well as total visibility to SKU-level detail and vendor compliance and performance. Shippers and consignees are prepared and aligned, which allows for better resource (manpower) allocation and reduces detention and vehicle not used (VNU) charges. As the name suggests, the tool also provides real-time visibility to all inbound POs. This allows the PO status to be easily viewed, eliminates lost POs and provides confirmation of PO receipt by a vendor. No more "dog ate my PO" excuses here.

For this customer, EDI data is fed directly into the tool for processing based on the supplier code. The entire process produces accurate and aligned ship dates which result in meeting customer expectations relative to on-time performance and high in-full-and-on-time (IFOT) scores.

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RESULTS

Beyond giving the customer peace of mind, Schneider's PO Management tool currently produces annual cost savings for this customer in excess of $400,000 and freight security concerns are a thing of the past. All managed shipments only use customer DSP approved carriers.

For newly managed suppliers, in the last 11 months, $260,000 in savings has been realized. Use of the tool opened the customer's eyes to order inaccuracies in both terms and modes that were then caught and corrected. Daily reporting makes sure that work in progress items are actively being handled.

Additionally, the simple interface makes it easy for the customer to onboard and level set new suppliers so that they can be as efficient and successful as possible. The tool has aided in creating positive and productive working relationships with its suppliers, which in turn improves system usage and makes those high urgency/short lead time orders easier to fill.

Through the use of Schneider's PO Management tool and its other engagement with Schneider, the company has learned a lot more about its own business. It has given Schneider extremely positive feedback on the impact this tool has had to the supplier management processes as well as its freight network. The trust it places in Schneider is delivered upon.

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