

CASE STUDY

TMC Helps John Deere Reduce Transportation Costs

TMC | A DIVISION OF
C.H. ROBINSON

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John Deere's inbound transportation was being managed by its suppliers, but TMC saw an opportunity for savings by creating an inbound consolidation program managed by TMC and John Deere.

The Challenge

Create an inbound transportation plan and successfully execute the strategy

The Solution

Develop a command center at TMC for centralized management and execution of John Deere's strategy nationwide, including network analysis, transportation modeling, a pool point program, and TMS implementation

The Result

Reduction of transportation costs through planning and optimization tools, streamlined processes, visibility, and metrics across the John Deere supplier base

The Future

Continue the inbound optimization program and execute future process improvements

The Challenge

John Deere was interested in working with TMC to reconfigure their current inbound transportation network. Their existing model left most of John Deere's freight under the management of their suppliers. Because John Deere works with several thousand suppliers, they were experiencing higher costs and inconsistencies within their inbound network.

The Solution

OBJECTIVES

The following objectives were created in collaboration with John Deere:

- To transition all inbound freight from a supplier-managed to a TMC/John Deere-managed state
- To create metrics to drive compliance
- To determine savings potential and create benchmarks for John Deere to measure against
- To deploy a software solution to optimize loads
- To perform transportation data analysis
- To provide John Deere with recommendations to reduce their inbound transportation spend

APPROACH

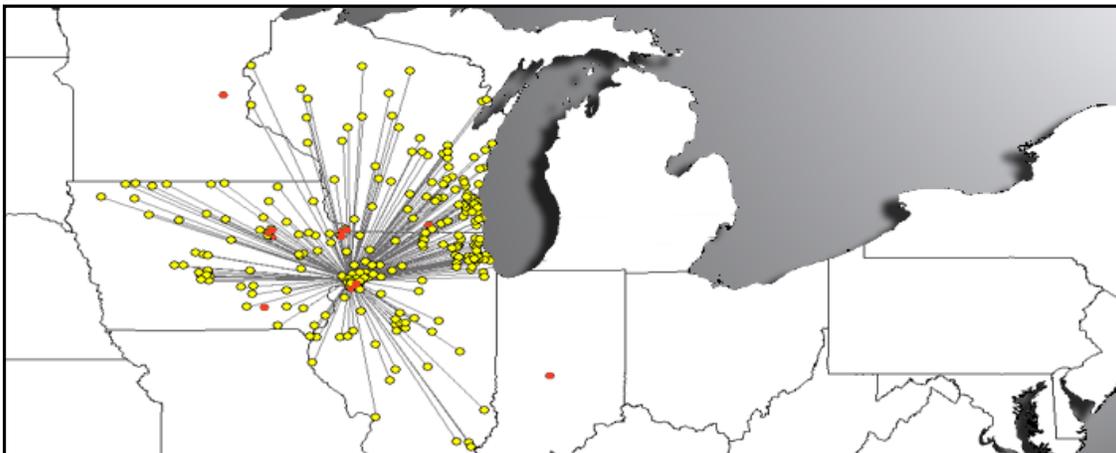
TMC began Phase One of the process by outlining four primary steps:

Phase One

1. Perform data collection and evaluation based on:
 - a. North American inbound material shipments
 - b. Service parts to John Deere distribution centers
 - c. Returnable container shipments back to suppliers
2. Determine scope of project based on data analysis
3. Develop inbound freight scenarios and strategies
4. Make inbound optimization recommendations to John Deere

After collecting the data, TMC presented their findings to John Deere and recommended an inbound solution that included software deployment, cross-docking, dedicated fleets, multi-stop truckload, and LTL consolidations.

RE-ENGINEERED STATE



EXECUTION

Once John Deere and TMC had agreed on a solution, steps were taken to streamline all inbound freight processes. Currently, all of John Deere's North American inbound freight is operating under the new inbound model. Based on these solutions, TMC and John Deere have:

1. Defined and implemented a transportation procurement strategy
2. Defined and managed a project plan-based implementation
3. Developed and implemented a vendor compliance management program
4. Defined the necessary metrics and benchmarks for analysis and process improvements

The next step was to deploy the TMC optimization software and integrate it into the new inbound model. As of third quarter 2007, all of John Deere's inbound freight transactions will be operating with this technology. The optimization software process is as follows:

1. Suppliers enter their shipment data into the TMC online system
2. TMC filters the shipment data to facilitate order and mode optimization
3. Optimized shipments tender to John Deere's inbound carriers
4. Business intelligence tools monitor the process and results

The Result

As the new inbound optimization model continues to be executed across North America, John Deere is experiencing these key successes:

1. Reduced transportation costs
2. Understanding of regional density:
 - Creation of business rules
 - Carrier capacity and rate requirements
 - Potential infrastructure and dedicated operations
3. Increased CSR productivity
4. Metrics to measure program success
5. Aligned teamwork between John Deere and TMC

The Future

John Deere and TMC will continue to align their resources, analyze the new inbound optimization model, and remain dedicated to continuous process improvements. Phase Two is projected as follows:

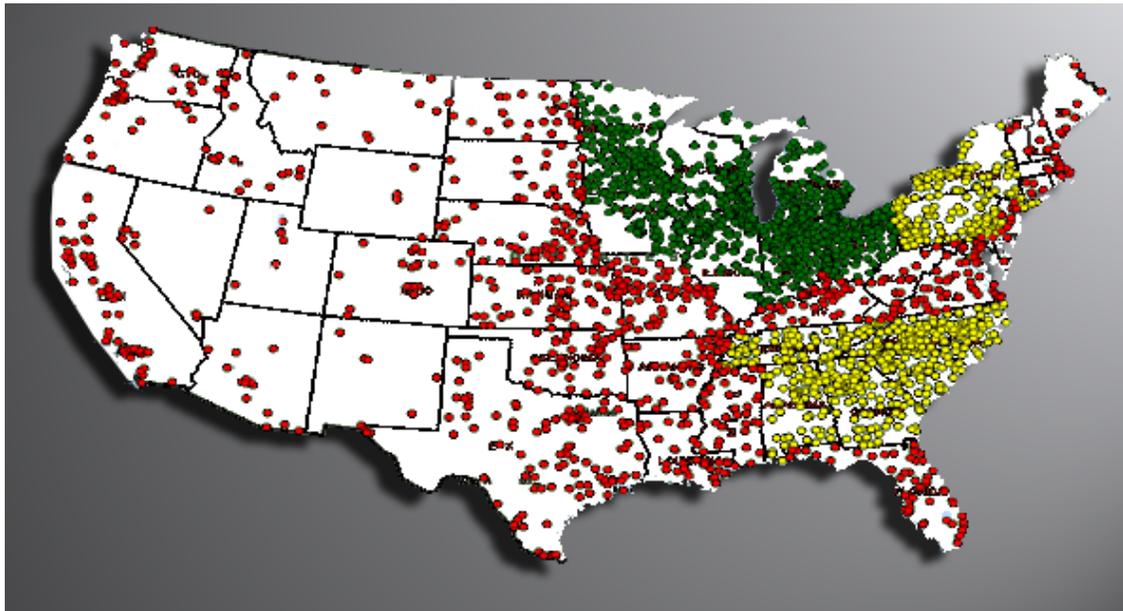
PHASE TWO

1. Continue to execute and analyze the inbound optimization model
2. Determine the appropriate thresholds needed to expand the model beyond

PHASE ONE

John Deere and TMC share similar goals for the success of John Deere's transportation network and view the inbound freight optimization as a catalyst for future process improvements and savings.

SUPPLIER IMPLEMENTATION BY GEOGRAPHY



About TMC and Managed TMS®

TMC is a division of C.H. Robinson, one of the world's largest providers of global freight services. Their global Managed TMS® solution offers TMS technology combined with managed services. Through Control Towers® in Chicago, Amsterdam, Shanghai, and Mumbai, TMC coordinates complex, global, multi-leg shipments, using all forms of transportation. With the Managed TMS solution—delivered through TMC—clients are provided a single global platform for shipment optimization and visibility, freight payment, and business intelligence. C.H. Robinson employs hundreds of transportation experts to support Managed TMS clients in North and South America, Europe, Asia, Africa, and the Middle East.

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