



CLIENT SUCCESS

Leveraging Enterprise Improvement to Mow Down the Competition

Rotary Corporation Partners with Transportation Insight to Streamline Processes, Manage Costs and Advance World-Class Customer Service

Rotary Corporation is an outdoor power equipment replacement parts provider with eight strategically located regional distribution centers nationwide and an affiliated manufacturing division. Founded in 1956, the company quickly developed a reputation for world-class customer service. Continued delivery on its promises brought the company tremendous growth, but the enterprise still faced formidable competition in an increasingly global economy. Rotary's forward-thinking leadership understood that it needed to invest significant resources to improve tools, technology and processes to remain a market leader.

The Challenge

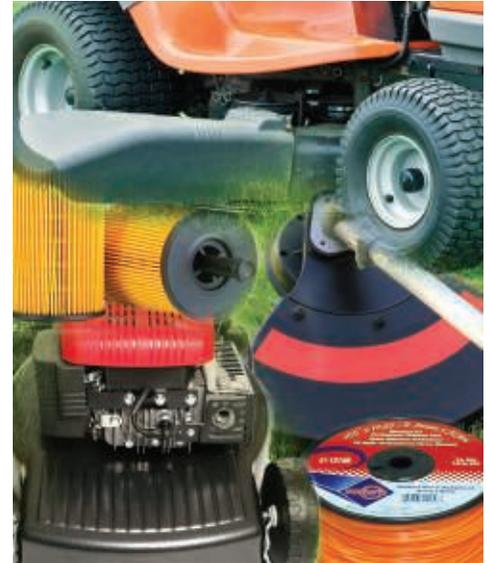
A critical differentiator for Rotary was their promise to customers of same-day shipping on most orders. The company took pride in meeting this goal with great success. That superior service spawned significant growth, but with rapid expansion came a waterfall of challenges that potentially could have become barriers to success.

How could Rotary maintain its high level of service and meet growth expectations? In addition to holding rising logistics-related costs in check, how could the company improve productivity within its four walls to feed the increasing demand spurred by its reputation for quality? To maintain high service levels and rapid response, what technology and automation was in place to deliver companywide personnel the information they needed to serve internal and external customers, communicate with vendors and make critical strategic decisions? Since the company was investing so much to scale, where else could Rotary look to improve operational efficiency and reduce related expenses?

Rather than going it alone in its continuous improvement journey, Rotary's operations team opted to enter a Co-managed Logistics[®] partnership with Transportation Insight. Company leaders believed that Transportation Insight could help them address and overcome the numerous logistics and operational challenges to optimize their supply chain.

“Every component of the Transportation Insight solution has proven invaluable as Rotary continues to grow its customer base, deliver shipments on time with excellence, maintain an industry-leading fill rate, mitigate increasing supply chain costs and remain the market leader in the outdoor power equipment replacement parts industry.”

*Donald Fountain, Vice President of Operations
Rotary Corporation*



The Solution

Transportation Insight partnered with Rotary to implement solutions in a phased approach, but not without first completely understanding the current state of Rotary's supply chain from raw material ordering to end customer delivery.

Initial Cost Reduction Strategy

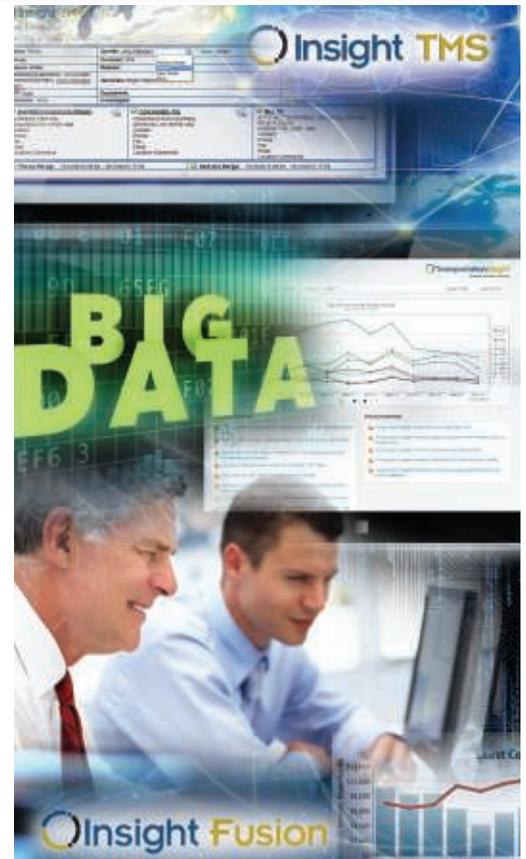
Based on Rotary's current state, the company's leadership and Transportation Insight's implementation team determined that they could achieve immediate results through transportation cost reduction. The partners explored ways to reduce Rotary's small parcel spend, eventually ramping up to include rate negotiations on Less-than-Truckload (LTL) and full Truckload shipments through strategic carrier sourcing programs.

After reducing costs initially through a comprehensive carrier RFP, Transportation Insight controlled ongoing costs for Rotary by mitigating price increases and providing potential alternate mode and carrier selections based on service requirements. True to the Co-managed Logistics business model, all carrier pricing contracts were published in Rotary's name, while Transportation Insight performed the heavy lifting of negotiating and maintaining the contracts on Rotary's behalf.

Technology Improves Automation

As part of a robust technology solution designed to automate many manual functions related to transportation, including procurement, documentation and tracking, Transportation Insight worked with Rotary to implement Insight TMS®, Transportation Insight's class-leading cloud-based Transportation Management System.

By leveraging technology applications to drive order optimization and aggregation, Insight TMS provided Rotary with shipping recommendations that drove up the average weight per shipment and reduced the company's overall transportation cost on a per unit basis. Insight TMS gave Rotary the ability to tender shipments, monitor carrier confirmations and manage all of the necessary documentation required for shipments and loads. Shipment tracking functionality available in Insight TMS enabled Rotary staff to monitor order status in transit to improve customer service and production planning.



To control freight costs on inbound shipments from raw material suppliers, Transportation Insight implemented a user-friendly vendor routing compliance solution for Rotary that did the following:

- Directed vendors to a portal embedded in Rotary's website to find preferred carriers
- Delivered real-time routing for lowest practical inbound freight costs
- Provided routing confirmation numbers for vendors, providing complete verification of cost

Rigorous Auditing Ensures Accuracy

Transportation Insight instituted its rigorous freight invoice auditing process to ensure Rotary was paying its carriers the correct amounts. All invoices were audited to within \$0.05 of Rotary's contracted carrier rates. Like all Transportation Insight clients, Rotary enjoyed the services of a Business Analyst who researched all freight cost discrepancies, communicated those discrepancies with carriers, handled all carrier inquiries and provided exception reports to the Rotary staff.



To improve back-office efficiency, Transportation Insight provided Rotary with a single weekly master invoice, complete with supporting documentation and data summarized into a spreadsheet for easy data sorting and analysis. Transportation Insight also developed customized GL coding scripts to improve efficiency and accuracy in the accounting of freight expenses. At the final step of the accounting process, Transportation Insight managed carrier check writing and postage to save Rotary the time and expense of writing hundreds of checks to carriers each year.

From Data Collection to Business Intelligence

To improve trend identification and bring light to opportunities for further improvement, Transportation Insight began capturing all of Rotary's transportation data and developed a comprehensive suite of supply chain reports. Staffed with experienced logistics managers and analysts, Transportation Insight's Client Services team thoroughly reviewed the company's shipping history to uncover ongoing supply chain optimization ideas and recommendations.

In addition, Client Services staff delivered Quarterly Business Reviews, monthly follow-up calls and as-needed logistics support to discuss continuous improvement innovations, plan for both short- and long-term internal and external changes and meet all of Rotary's daily logistics needs.

Leveraging the Insight Reports™ functionality in Insight Fusion®, Transportation Insight's cloud-based business intelligence portal, Rotary leadership was able to view all of company static reporting on any device connected to the Internet. Mobile connectivity ensured total accessibility of key performance indicators and enabled 24/7 data-driven decision making.

Transportation Insight's logistics engineers were also available as needed to apply supply chain modeling techniques to conduct "what-if" analyses. Supply chain analytics quantified and validated the financial and customer service implications of major shifts in Rotary's transportation and distribution networks.



Improvement inside the Four Walls

With Transportation Insight's logistics experts working to optimize Rotary's supply chain outside the receiving and shipping docks, Rotary partnered with Transportation Insight's LEAN consulting experts to improve productivity throughout the manufacturing, operational and distribution components of the business. Rotary also worked with Transportation Insight to mitigate secondary supply chain costs and reduce its expenses on corrugated packaging and associated supplies.



The company's continuous improvement team evaluated the flow of information, people and materials through every part of the facility for opportunities. To promote continuous improvement across the company, they organized kaizen events designed to improve specific areas of the operation while enhancing overall company profitability. Specific examples of these events included the following:

- Developed a one-piece flow production line for the manufacture of the company's most popular products to reduce lead times.
- Drew a spaghetti diagram to map and optimize the paths taken by order pickers in the warehouse.
- Audited the use of floor and shelf space throughout the facility to maximize its use.

The intent of these ongoing initiatives was to free up resources, so that the company could do more with what they had on hand – all in the name of better serving customers.

The Results

Simply put, Transportation Insight's Enterprise Logistics solutions now empower Rotary Corporation to better understand its end-to-end supply chain costs. The company has access to detailed transportation financials and monitors many key performance indicators that allow for better exception management. Company leadership relies on Transportation Insight's accurate data collection and comprehensive reporting to analyze trends, uncover improvement opportunities and prepare more reliable financial forecasts.

Rotary Corporation continues to eliminate significant non-value-added activity from its supply chain. Transportation Insight's method of continuous improvement for the supply chain, known as Extended LEAN®, enables Rotary to make better supply chain decisions and focus more effort on serving its customers with excellence. As a key strategic business partner, Transportation Insight is continually researching the marketplace to uncover industry trends that may impact Rotary's supply chain, making recommendations based on its vast logistics expertise and intimate knowledge of Rotary's operations.



Furthermore, since Rotary and Transportation Insight operate as partners under a non-invasive Co-managed Logistics model, Rotary maintains total operational control while Transportation Insight manages carrier contracts, updates and implements tools and technology, meticulously audits freight invoices for accuracy, delivers comprehensive reporting, provides supply chain expertise and assists in the implementation of continuous improvement initiatives throughout the enterprise.

Annual Financial Impact

■ Logistics Cost Reductions: LTL Shipments and Carrier Rate Increase Avoidance	24.0%
■ Logistics Cost Reductions: Truckload Shipments	8.2%
■ Logistics Cost Reductions: Parcel Shipments	20.2%
■ Logistics Cost Reductions: Invoice Error Cost Avoidance (All Modes)	2.9%
■ Administrative Cost Savings (All Modes):	1.1%
■ Manufacturing Lead Time Reduction via Implementation of LEAN Processes:	60%
■ Corrugated Packaging and Associated Cost Reductions:	15.48%