



## Supply Chain Redesign

### Tier I Supplier Margin Improvement

#### CHALLENGE

Increase gross margin on goods sold.

#### SOLUTION

Take costs out of supply chain to improve margin.

#### RESULTS

- ⇒ Lower delivery cost
- ⇒ Shorter lead times
- ⇒ Better positioning of goods
- ⇒ Better response to emergency demand

For more  
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## Optimizing Networks for Low Margin Commodities

### The Client

An international producer of high-performance minerals: talc, precipitate calcium carbonate, ground calcium carbonate, lime, dolomite, and barites. You will find these chemicals in just about everything, including paper, plastics, paint, gum and pharmaceuticals. The client was challenged with improving margin on goods and eliminating service disruptions.

### The Challenge

After paying the freight to deliver orders to manufacturers, there was little profit margin left on the merchandise. Since this product was delivered to meet tight manufacturing schedules, truckload service was determined to provide the most consistent on-time delivery. Other issues (besides the high cost of shipping) were the lack of trailer availability at the production facility, delays from inclement weather, and the loss of one pallet space to tire chains in the winter. The delays caused multiple problems with the customers and sometimes the freight had to be expedited to meet production schedules, eliminating any profit on the goods.

**Over \$500,000 in annual savings to client.**

**Over \$500,000 in annual savings to customer.**

### The Solution

Our project focused on the northeast region of the U.S. We constructed a new supply chain that was more economical and more resilient. A small amount of inventory was built to better control just-in-time replenishment and emergency orders, eliminating the need to expedite orders.

Although inventory grew slightly to accommodate for the new supply chain it had little effect on cost because inventory had a low value. Service improved considerably while margin grew significantly.

Cost savings from the new distribution method enabled our customer to reduce its price to its customers while increasing sales.