

Educational Software Co.

ALOM Provides Cost Savings Through Improved Fulfillment Services

Challenge

- Significant delays in order processing and fulfillment were impacting the customer's bottom line and credibility

Solution

- Process re-design to enable same-day shipping and avoid the need for expedited shipping
- Simulation of various shipping methods to demonstrate cost viability
- Product bundling to minimize packaging and shipping costs
- Access to consolidated fulfillment data

Benefits

- 66% drop in freight cost in six months
- Overall freight costs cut from \$1.18 average per unit to \$0.21 over five years
- Freight savings contribute to between 5% to 10% of corporate profitability
- Fewer shipping complaints enable field reps to focus on sales



A learning company outsourcing its order fulfillment to an ALOM competitor was experiencing significant problems with order delays and inaccuracies. ALOM took over and within 6 months lowered freight costs 66%.

The learning company, specializing in software used for training materials in schools, was having serious delivery issues with materials not showing up in time for important presentations. Field reps from the company were so desperate to ensure training software was delivered in time that they would utilize expensive overnight carriers for a class that was three weeks away. Even so, fear still existed that the order would not arrive in time.

Follow-up costs were significant with one person essentially working full-time fielding complaints. Once the field reps were confident that they would receive the materials in time, they would use less costly freight methods which would then drive down freight cost.

When the program launched and ALOM started receiving orders, it was clear freight costs would run extremely high. 47% of all orders were selected to ship via expedited freight methods that included special delivery requests such as Saturday and early morning delivery.



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“It was like night and day! Once ALOM took over every order was shipped on-time and the cost savings were huge! What they did for us was just incredible.”

- Contact and company name withheld due to customer NDA compliance

Earning Customer Confidence

ALOM's first priority while onboarding this new program was to establish confidence that all orders would ship in a timely manner. Over the next few months, ALOM earned that confidence by shipping all orders on the same day the order was received. The percentage of overnight and expedited orders dropped dramatically. Five months later freight costs were down by 66%.

But ALOM was only getting started and set a goal to reduce freight cost by an additional 33%.

During a quarterly business review meeting, the ALOM account team presented detailed freight cost data broken down by destination, delivery times, and carrier. ALOM demonstrated several shipping simulation scenarios to illustrate savings and service level impact if orders going via expedited ship-methods were instead shipped via ground services. The presentation included compelling ALOM historical on-time shipment results data via ground service shipment. The customer was impressed and in turn presented the data to each of their regional managers for review.

Because of the trust ALOM had earned from field reps and regional managers by rapidly fulfilling orders and delivering on-time, every time, ALOM was given the green light to implement the new shipping parameters.

Cost Savings Add Up

Within a year, the lower freight cost contributed significantly to turning this company profitable. At the same time, orders arrived on time, enabling field reps to focus on representing the product, rather than customer complaints and shipping problems.

Over the following three years, freight cost dropped further, in spite of ongoing additional increases in fuel prices and subsequent carrier price increases. The freight savings realized through this program contributed between 5% and 10% of the company's profitability.

The per-item fulfillment charges also decreased due to continued process improvements by ALOM. For instance, ALOM suggested bundling certain products into 25 or more, which made it easier for ALOM to ship and gave the client lower cost by improving its process.

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