




How technology and expertise combine to maximize today's transportation networks

Founded in 1967, Tape Products Company is one of the nation's largest independent distributors of adhesive tapes for industrial, manufacturing and packaging applications, with a product line that includes stretch film, packaging material for protection, packaging supplies and packaging machinery for both end users and redistribution. The company's annual sales of more than \$40 million are generated by outside territory managers with support from an inside sales team. The Tape Products Company corporate headquarters and primary distribution facilities are located in Cincinnati, with strategic branch service centers in Chicago, Dallas and Orlando providing next-day ground delivery to these key markets, as well as more than 80 percent of the U.S. marketplace.

The Challenge: Taking stock of operational inefficiencies

In early 2003 senior management at Tape Products began to take a closer look at the company's supply chain and transportation management business processes. At that time the company's four locations operated independently, taking a localized approach to decision making when it came to carrier selection and shipment routing. Furthermore, the company's shipping process involved mostly manual activities:

- Warehouse managers manually created bills of lading and confirmed shipments one-by-one to generate customer invoices
- Freight expenses were manually calculated on an order-by-order basis
- Warehouse managers manually sorted packing slips and picked from inventory according to carrier

According to Cindy Kagrise, Tape Products' administrative vice president, there were weighty financial and operational consequences for these manual and regionalized processes. "It was plain to see the much-higher-than-necessary annual freight costs, warehouse and dock space inefficiencies, and increased opportunities for human error. We recognized that we needed to make significant changes to our technology systems and operational processes for our company to continue on a growth path," she said.

The Solution: Systemic process improvement through collaborative relationships

An in-depth situation analysis and roadmap to change required the fresh perspective and insight of a consulting partnership. After reviewing its options, Tape Products chose Logistics & Procurement Solutions, LLC (LPS), a privately held company specializing in operational improvements that reduce logistics and procurement costs. LPS went right to work, conducting a comprehensive analysis of the company's procurement processes, supply chain costs and existing technology systems.

"Our analysis provided a clear picture of Tape Products' situation," said Steve Hogan, LPS president and CEO. "There were significant cost reduction opportunities throughout the organization. We knew that we could not only help Tape Products reduce their annual expenditures, but also create a plan that would sustain productivity and cost containment over the long term."

Fragmented transportation purchasing activities, utilizing more than 20 LTL carriers, created inefficiencies throughout the supply chain.

LPS devised a plan of action to methodically transform Tape Products' largely manual, labor-intensive operations into a streamlined, automated system to save the company valuable time and money while improving accuracy and visibility. "With this high-level perspective of our organizational processes we were able to clearly envision the outcome of LPS' approach," said Kagrise. "It was very comprehensive."

Of primary concern to LPS was Tape Products' suboptimal transportation network and overinflated annual spend. Fragmented transportation purchasing activities had resulted in more than 20 less-than-

truckload (LTL) carriers simultaneously serving the company, creating inefficiencies throughout its supply chain. Additionally, without centralized oversight of carrier pricing agreements, pricing was based on multiple tariffs with no opportunity for true volume discounting.

An SMC³ business partner since 2001, LPS seized the opportunity to use SMC³ transportation pricing data and technology to leverage its own expertise in optimizing LTL carrier relationships. Tape Products brought its transportation purchasing function into a centralized business unit, and the company began rationalizing its carrier pricing agreements with the SMC³ CzarLite[®] base rate. By licensing CzarLite, Tape Products was able to collect carrier bids based upon a single industry-standard rate system, allowing them to easily determine which carriers truly had the best bottom-line pricing for their freight shipments.

SMC³ RateWare[®] was also quickly implemented as a core technology solution within Tape Products' order processing and transportation management functions. Today the RateWare solution efficiently manages the company's freight costing, increasing planning flexibility by providing uncomplicated, advanced views of what each shipment will cost.





Logistics & Procurement Solutions, LLC



Logistics & Procurement Solutions, LLC At-A-Glance

SMC³ business partner Logistics & Procurement Solutions, LLC (LPS) specializes in logistics and procurement improvement solutions that help their customers optimize product and material flow and reduce supply chain cost in areas including fulfillment, transportation and technology. In 2003, LPS began working with Tape Products Company to streamline its supply chain processes for increased operational efficiency and transportation cost savings. The result was a fruitful, long-term partnership that has served to virtually transform every part of the Tape Products organization.

Steve Hogan | President & CEO | Logistics & Procurement Solutions, LLC

The Result: Operational efficiencies bring supply chain predictability, cost containment

A strategic partnership with LPS, combined with SMC³ technology solutions, provided Tape Products with both immediate and sustained financial results. All three companies have maintained a regular dialogue for the continued benefit of Tape Products' operations; however, the initial transformation was the most significant.

Through carrier consolidation, Tape Products developed strategic alliances with its primary carriers and improved dock efficiency. Integrating pricing technology into the company's core business processes opened the door to visibility and predictability in transportation pricing. And, because most paper transactions were effectively eliminated from the company's order processing, warehousing and transportation functions, Tape Products now enjoys hassle-free, cost-effective transportation management.

According to Kagrise, "We've really embraced this process. Working with LPS taught us how to manage our transportation costs more effectively and improve order fulfillment. And with the help of SMC³ technology, we now know our freight costs in advance, to the penny. Finally, I can't give enough credit to our internal IT department for the system improvements they've implemented. The paybacks of this cross-functional, inter-organizational team approach are now system-wide at Tape Products."

For more information on Tape Products Company, visit www.tapeproducts.com.

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About SMC³

SMC³'s RateWare XL solution enables customers to manage parcel pricing and LTL rating complexity, for both class and density rates, with the most comprehensive rating and pricing solution of its kind. SMC³ supports customers' needs as they grow, whether they're dealing with 10 shipments or 10,000 shipments per day. Shippers and 3PLs use SMC³'s peerless rating solutions to optimize their transportation spend, saving time and money on their freight shipments throughout North America. To learn more, visit smc3.com.