CASE STUDY

How Morgan Cut A High-Tech Manufacturer's Fulfillment Transportation Costs By One Third

THE CHALLENGE

A California-based tech manufacturer was producing goods in Shenzhen, China, for distribution to customers in the U.S. Because the client had no presence of its own in Asia, they relied on their third-party manufacturer to ship finished goods directly from Shenzhen via a leading international integrator to each individual customer. This method allowed them to track and manage each exported package, but it added significant extra cost.

The majority of orders that came off the assembly line in Shenzhen were shipped to the U.S. as individual packages by the carrier's air service. As a result, each shipment incurred multiple export, import and customs fees on top of the already high per-pound price. Though relatively small, these flat fees accumulated as orders piled up, with each exported package racking up a charge regardless of its weight or value. Besides the extra cost associated with it, this inefficient system presented serious questions about its own sustainability.

THE SOLUTION

Morgan contracted with the manufacturer to optimize their flow of goods. The client's goods were transported to nearby Hong Kong before being consolidated and shipped twice weekly on pallets to the U.S., drastically reducing the quantity of exported packages and export fees. Morgan collected the pallets at their facility in Dallas, TX, where the centralized location simplified shipping routes and minimized cost to the all of the client's U.S. customer locations.

The strategy behind Morgan's process included delaying the use of any integrator carriers until the "last mile" of a package's journey. Morgan consolidated and pre-labelled the client's packages in Hong Kong for international shipment and then, from Morgan's Dallas facility, utilized an integrator to deliver them to the customers. This measure helped eliminate many export fees for the client, not to mention lower per-pound carrier costs. Beyond that, reduced shipments simplified control, visibility and tracking.

THE RESULTS

By sorting and consolidating the client's goods from their origin in Asia, and postponing the use of parcel services to ship those goods to U.S. customers, Morgan shaved almost one third off of the client's shipping budget.

Morgan's work improving the client's flow of goods resulted in:

Transformative cost reductions

- Overall savings of one third transportation costs
- Lower carrier charges
- Fewer export, customs and import fees

Greater reliability

- Less damage from less package handling
- Fewer shipments to track and manage

More predictability

- Regular shipments between two locations
- Less handling time for parcel carriers

Improved sustainability

- Fewer shipments, fewer trips

By employing data-driven solutions guided by common sense, Morgan was able to optimize the client's flow of finished goods using a custom-tailored approach. With Morgan's partnership, the client cut their costs tremendously by avoiding multiple export, import and customs fees, consolidating shipments and improving the sustainability of their operations in the process.

TIME IS MONEY—WE CAN SAVE YOU BOTH

Let Morgan eliminate the efforts associated with uncovering hidden, internal costs of managing a logistics mess. We'll look at the end-to-end network and discover the best methods to leverage cost savings for your needs.

Contact Us

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