

CONTECH Construction Products Finds Big Value, Fast Deployment from On-Demand TMS

Time to Value, Support for Hybrid Centralized/De-Centralized Model were Key, VP of Logistics Rick Gaynor Says

SCDigest Editorial Staff

Within the supply chain area, the concept of “on-demand” or hosted software has clearly moved most rapidly in transportation-related areas, such as Transportation Management Systems (TMS).

While not yet for everyone, on-demand TMS is rapidly gaining market share in the TMS arena, and brings with it many inherent benefits. Those benefits have played out very well for CONTECH Construction Products (West Chester, OH), a manufacturer of a variety of engineered products for the construction industry such as pipes, earth stabilization systems, drains and more.

Rick Gaynor, VP of Logistics at CONTECH, had experience with several traditionally deployed TMS solutions in his logistics management roles at previous companies. When he came to CONTECH, he not only saw the opportunity to drive out cost by implementing a new TMS to automate existing manual processes, he was sure from the start that he wanted to go “on-demand,” he told the audience on a recent Supply Chain Videocast from SCDigest. (To view the full broadcast, go to: [Benefits of an On-Demand, Network Centric TMS Videocast](#)).

“We were doing almost everything manually,” Gaynor said. “I wanted to bring us into the 21st century, so to speak.” That would have a big impact on the bottom line, as CONTECH moves over 100,000 loads per year.

“I had engaged various TMS platform providers in a previous life, and I knew I wanted an on-demand solution versus an installed platform,” he said, citing advantages in terms of ease of install and “time to value.” Soon after he arrived, CONTECH went

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through a lengthy selection process before eventually selecting an on-demand solution (Sterling Commerce). After selecting the provider, CONTECH then implemented the new system in an amazing short 30 days.

“A lot of times when you put in an installed platform, it can effect your day to day execution, but that’s not so with an on-demand solution.” Gaynor added, saying that he sees the lack of such disruption as another key benefit of on-demand TMS solutions.

“We probably could have rolled out the solution even faster than we did,” Gaynor explained, saying a combination of “webinar” type training for local plants plus software that is intuitive for users were key to the rapid deployment.

Hybrid Management Model

CONTECH runs a hybrid transportation management model, with “long haul” movements being managed centrally, and short haul movements locally, at the plants.

“In each region, we look at common carriers, 3PLs,

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our private fleet, and do what makes the most sense for that market," Gaynor said. Carrier contracts, however, are generally all managed centrally, even for short haul carriers, but local managers execute against that for short haul movements.

The ability of a TMS to support that model, in addition to capabilities to manage its private fleet, was critical to the selection process.

"We are able to handle dedicated contract carriers, broadcast for capacity, negotiated lanes, private fleet, all those in the TMS," Gaynor said, adding that flexibility to do this, supporting multiple tendering models, has been a key to the system's success.

That flexibility has also allowed CONTECH transportation group to take over control of inbound freight management, gaining additional savings that weren't being realized when freight was bundled with product pricing from suppliers.

"We just didn't have the capability to manage inbound previously, so we purchased almost everything on a delivered price basis," Gaynor said. "In addition to reduce total supply chain costs, we're now able to support a Lean manufacturing model more easily by having better visibility to inbound shipments."

There are similar opportunities for many companies to take control of inbound freight, says **Gene Nusekabel**, a solutions manager at Sterling Commerce.

"Key is being able to leverage the transportation data, and being able to show the procurement organization not only how you can take out costs, but also provide better visibility," Nusekabel said.

Leveraging Transportation Data

Gaynor said the information available now in the on-demand TMS platform has helped CONTECH make



better decisions throughout its entire supply chain.

For example, he said in some cases the company has been able to shorten lead times because it has more confidence now in its ability to deliver on time, and in other cases actually adjust manufacturing or shipping schedules to take advantage of potential transportation savings opportunities.

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"The TMS analytics really drive improved execution," Gaynor says. "We are always looking for continuous improvement. I have an analyst that is charged with constantly looking for how we can improve based on data coming out of the TMS."

He said, for example, the system makes it very easy to find "outliers" across similar types of lanes where there are cost or service issues and attack the root cause of the problem.

"Before, the focus was almost exclusively on 'Did we get the load there on time?'" Gaynor said. "Now, it's 'What can we learn about ourselves?' Now we see ourselves as a real value-adder in the organization."