

CASE STUDY

Reducing Parcel Shipping Spend and Increasing Performance with Finance Automation

March 2025

Arrowhead Engineered Products significantly lowered its parcel shipping expenses while strengthening its logistics and finance operations.

A global powerhouse based in Blaine, Minnesota, Arrowhead Engineered products is North America's largest aftermarket supplier of exact parts that are designed for the perfect fit. The company serves the powersports, automotive, heavy-duty trucks and outdoor power equipment sectors, including those for vehicles in the agricultural and industrial fields as well as other diverse markets.

With a legacy of more than 50 years Arrowhead offers OEM quality at aftermarket prices. The company engineers, sources and distributes more than 700,000 stock keeping units through an omnichannel approach and locations throughout the United States, Argentina, Belgium, Canada, China, France, Germany, India, Italy, Netherlands, Sweden, Turkey, and the United Kingdom. In North America alone, Arrowhead operates nine high-performance distribution centers in the U.S. and one in Canada.

Arrowhead's brands include All Balls Racing Group, Bihr, Custom Golf Car Supply, EuroGarden, FI Distribution, J&N, Stens Corporation, Tiger Lights, TriLink, Western Power Sports, and many more. Its presence also extends to the Hi-Level brand in the U.K., the Ratioparts brand in Germany, and Vertex pistons in Italy. Not surprisingly, with such a strong international footprint, most consumers use Arrowhead parts even if they are unfamiliar with the company, with more than 12,000,000 vehicles relying on its parts in any given year and more than 50,000 dealers, repair shops and small businesses turning to them for their fit, exceptional quality and proven durability.

"Whether you are driving to work, enjoying the ATV or personal watercraft over the weekend, mowing the yard or loading up the golf cart to enjoy the links, you are probably relying on parts we engineer, develop and distribute

to the very highest standards,” said Michael Von Wald, director of logistics at Arrowhead Engineered Products. “We provide the parts that many thousands of people rely on to keep their machines running optimally each and every day.”

A SINGULAR RELIANCE ON PARCEL SHIPPING PERFORMANCE

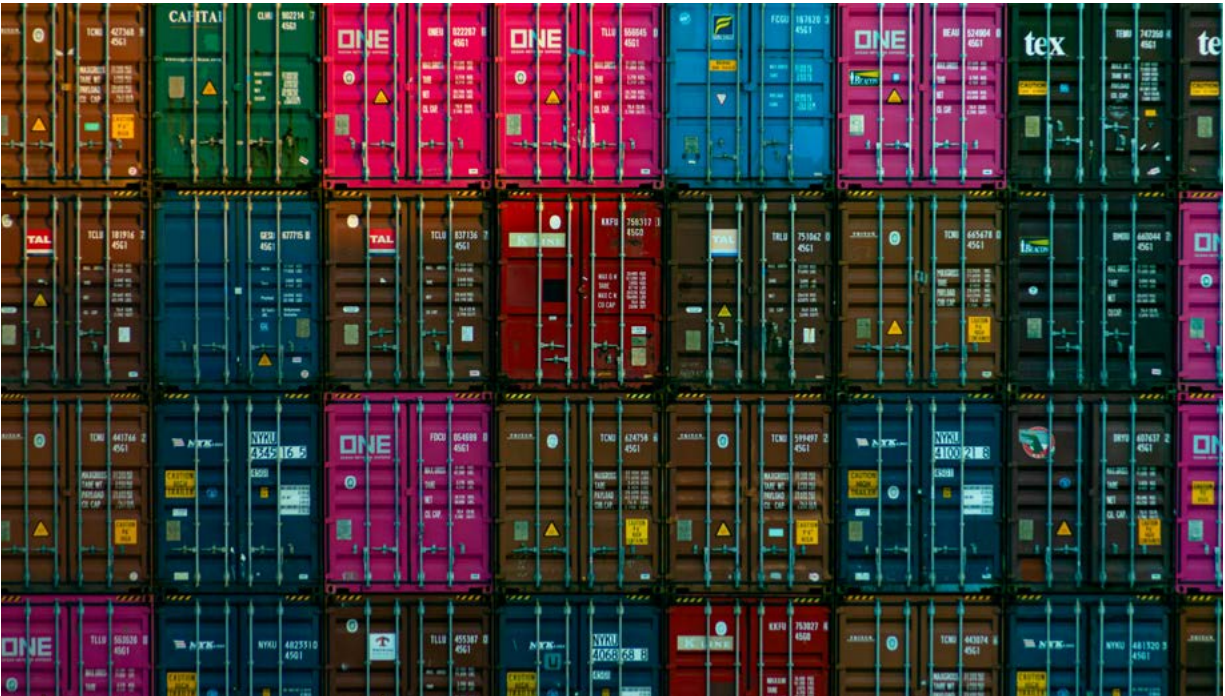
Like most in the automotive and machinery parts industries, Arrowhead relies heavily on the company’s experienced, high performance parcel shipping team. Responsive, fast and ultra-reliable logistics is a hallmark of the company’s commitment to its customers who often need parts as quickly as possible, whether its for racing, getting a needed delivery truck quickly back on the road, or ensuring that a replacement part brings an industrial operation back up and running as quickly as possible.

“Our automotive solutions, offered through the J&N brand are but one example of how important shipping performance is in our operation,” adds Von Wald. “Time is usually of the essence for a shop that needs one of our starters, alternators, solenoids, switches or electrical accessories to complete a customer’s repair, and we are completely committed to achieving the fast turnaround they need to get the job down on time to keep their customer happy. That is why 99% of our orders are shipped the same day the order is received.”

Just as importantly, parcel shipping costs are one of the largest line items in Arrowhead’s operating budget and have a significant impact on its bottom- and top-line results. This is particularly true because many parts are heavy, and historically are often subject to additional shipping and handling charges.

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Von Wald notes that historically all parcel shipping operations – including Arrowhead’s – had little ability to proactively gain visibility over their shipping data, let alone control their shipping activity proactively. Parcel spend management was almost purely a reactive effort, one made difficult by the fact that each shipment is in effect an ad hoc event shaped by numerous, constantly evolving factors on everything from surcharges to rules and fees on specific zones. The lack of a standardized approach to parcel shipping data – there is no shared data standard across carriers – made the challenge even greater.



As a result, shippers have been reactive when improving parcel shipping strategies and decision making – often after a problem arises such as when the introduction of a new rule causes an entire product line to be shipped at a loss or after carriers’ invoices are received and analyzed. Von Wald sought an alternative, one that would enable Arrowhead to approach parcel shipping proactively and strategically.

ARROWHEAD TAKES A PROACTIVE APPROACH TO PARCEL SPEND MANAGEMENT

Von Wald was drawn to Reveel by the ability it would give Arrowhead to be proactive and use data-driven decision making. Not only would

shipping intelligence enable the company to more effectively negotiate contracts that included more favorable terms and conditions with carriers, but it also would enable them to gain a more granular understanding of shipping costs and their impact on numerous business functions.

“We knew Reveel would help us understand our own shipping activity like never before,” he says. “That would begin with our ability to monitor our core metrics, our shipping vital factors.”

Drawing on advanced data science, Reveel’s Shipping Intelligence™, uses Parcel Spend Management (PSM) 2.0 technology to empower shippers to proactively see and manage their parcel shipping data like never before. With advanced analytics, modeling and simulation it

delivers numerous actionable insights shippers can use to immediately save money – all while providing shippers with unprecedented, real-time insight into the very metrics that define shipping success and acumen. These include:

- **Total Parcel Shipping Spend:** Total parcel shipping spend should be measured, not just in total for its ratio as a percentage of operational costs within the larger supply chain, but also as a percentage of sales revenue for companies that sell online.
- **Surcharge Spend:** Carriers have a litany of surcharges with which they can increase shipping costs and increase their revenue per package without warning, from fuel and delivery area surcharges to new rules on zones that can change on a moment's notice and radically impact shipping outlays. They must be monitored and acted on in real time to keep costs in check.
- **Average Weight:** Average weight should be closely monitored and dimensional weight should also be tracked. The complex formulas carriers use to calculate the pricing of packages based on their weight and size, as well as dimensional weight divisors, must be carefully monitored.
- **Average Zone:** It is important for shippers to know where most packages originate and are shipped for opportunities to identify more efficient shipping options, for example using a different distribution center.
- **Minimum Charges:** Minimums, and more specifically the percentage of total shipments that reach them, should be tracked at all times. Minimums are the lowest price a carrier will charge

for the delivery of a parcel. Shippers must be on the alert for opportunities to negotiate minimums, particularly if a significant portion of the parcels they ship fail to meet them.

- **Average Cost Per Shipment:** Whether by per-package or per-pound, the average cost of shipments is particularly powerful to demonstrate how parcel shipping spend impacts revenue and operational budgets, as well as carriers' specific service levels.
- **Carrier Performance:** A measurement of on-time vs. late delivery as measured against carrier service levels. Late deliveries lead to negative customer experiences and delays can lead to refunds, replacements, or expedited shipping costs. This vital factor measures the actual time with no exclusions for things like natural disasters, severe weather, or global disruptions.
- **On Time Delivery:** The total time a shipment takes from the time it's picked up to the time it's delivered. Faster, reliable delivery improves customer satisfaction and trust. This vital factor is the actual time-in-transit as carriers do not count weekends or holidays in transit times unless the service specifically offers Saturday or Sunday delivery.

Notably, with the keen understanding of shipping vital factors PSM 2.0 makes possible, most shippers immediately see bottom- and top-line gains. On average, Reveel's customers achieve shipping savings of 22% with many achieving much higher savings.

Top-line results are also significant, particularly for organizations that sell online. The intelligence Reveel delivers enables them to precisely see where they can offer “free” or discounted shipping that gives them a competitive advantage with e-commerce consumers.

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BUSINESS INTELLIGENCE MEETS FINANCE AUTOMATION

Von Wald, and Kris Mathiason – Arrowhead’s director of financial shared services – also surmised that parcel shipping intelligence would be of immense value for the company’s finance team and looked to Reveel’s Analytics Hub, a fully-embedded business intelligence (BI) environment that features powerful drill-down analytics. Analytics Hub enables shipping organizations to parse their data faster and in more detail while using highly intuitive dashboards that radically simplify decision

making – all in a system that enables direct and seamless integration with existing BI, enterprise resource planning and financial systems.

“We wanted the ability to look at our parcel shipping data in detail, which was virtually impossible using traditional means when you are talking about more than 4 million shipments each year,” says Von Wald. “We knew Reveel also offered a number of tools in its platform that we believed would give us the ability to report and understand what’s happening across many areas of our supply chain by understanding questions like whether our carrier is performing as they should, whether our costs are in line with projections, and how shipping performance differs across our distribution centers.”

Accounts payable was also a key focus. On the most basic level Mathiason and Von Wald wanted to ensure that they were not only receiving invoices for the correct amounts, but also that any surcharge discounts secured by the company were processed in all orders, and that service-level guarantees were reflected in rebates.

“Our carrier would send us PDFs summarizing our shipments that usually were more than 100 pages,” says Mathiason. “While most were outbound shipments, many were inner company and inbound shipments as well. We considered it crucially important to keep those separate, and to know exactly which one of our facilities should account for them, but gaining that level of precision for our finance operation was a

monumental task using manual processes.”

In response, Reveel’s team worked with Arrowhead to create coding rules and reports to provide the granular, real-time visibility and reporting Mathiason and Von Wald wanted. As a result, general ledger (GL) coding, accrual management, and order matching between shipping orders and carrier invoices is now done automatically. Arrowhead also actively monitors carrier performance and late deliveries, the time in transit of parcels, and other performance metrics Von Wald and Mathiason use for decision making and to identify new opportunities to optimize Arrowhead’s supply chain, reporting and shipping processes.

“We’ve always operated with the belief that you cannot hit a target you cannot see,” adds Von Wald. “With Reveel we now have the visibility and control we envisioned.”

RESULTS

Using Reveel’s Shipping Intelligence™ Platform Arrowhead Engineered Products was able to dramatically lower its parcel spend. To date, it has saved millions of dollars through negotiated discounts and exceptions, as well as the thorough and timely auditing of carriers’ service-level performance it now generates in its reports automatically.

“The benefits of Reveel extend far beyond the

savings its platform and its shipping experts enabled us to achieve,” says Von Wald. “We are a more valuable customer for our carrier partner, too. We better understand the changes that occur in the parcel market and our shipping operation, and we know what targets to set in our negotiations and how they will impact our business. We also have, at our fingertips, valuable metrics like the percentage of deliveries our carrier makes on time and the time in transit of our shipments we use to continually increase customer satisfaction.”

Mathiason also notes that the reports from Reveel significantly impacted the accounts payable team, as well as other functions within the finance operation. Time is, after all, money.

“Our AP team benefits directly from the significant time savings that result from Reveel’s reports,” she notes. “With detailed coding our confidence in our financial reporting has skyrocketed, and is now a valuable resource and performance metric for our facilities and our teams across Arrowhead.”

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Reveel is the leading Shipping Intelligence™ Platform that enables companies to level the playing field with FedEx and UPS. With over 17 years of parcel agreement management expertise and \$400M+ in savings for its clients, the company provides actionable insights to help customers make smarter business decisions and have peace of mind. Reveel helps shippers leverage the power of data science and peer comparison data to capture significant ROI and improve their competitive advantage.

Request a demo today to see how you can leverage automation to synthesize your data, ship more for less, and reduce the time needed to identify issues and action items.

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