MFCP Empowers its Parcel Shipping Operation with Data and Analytics

One of the fastest growing distributors of products for industrial applications, including hydraulics and pneumatics, Motion Flow & Control Products (MFCP) helps leading companies in numerous industries achieve new heights. MFCP began using the power Parcel Spend Management 2.0 technology in Reveel's Shipping Intelligence platform to transform the fulfillment and inventory operations for its e-commerce site and more than 60 brick-and-mortar stores. Now the company is using the platform to create custom reports to streamline operations and improve financial governance.

MFCP, based in Littleton, Colorado, offers one of the most extensive selections of hydraulics and pneumatics components, tools, and solutions; however, the company's dramatic growth is being driven by far more than the broad selection of products it offers from more than 3,000 manufacturers. In addition to their exceptional skills, the company's engineers and technical sales representatives provide customers with a comprehensive range of expert guidance and services, both in-store and in the field. This includes the availability of a 24-hour emergency repair program, ensuring that customers receive prompt assistance whenever they need it.

MFCP also offers extensive manufacturing services for custom-built systems while providing expertise in designing and creating a wide range of products. Their capabilities include fluid power systems, hose and tube assemblies, mobile controls and electrification, industrial controls and automation, pneumatic assemblies, seals and gaskets, compressed air and gas systems, and factory infrastructure and facilities.

MFCP has established a strong presence in the market, serving customers through its e-commerce site, MFCP.com, and over 60 brick-and-mortar locations across various states including Alaska, Arizona, California, Colorado,

Idaho, Montana, Nevada, Oregon, Utah, and Washington. The company's customer base spans a wide range of industries, including aerospace and defense, agriculture, construction, electronics and semiconductors, energy and power generation, factory automation, food and beverage, brewery, life sciences, lumber and logging, marine and offshore, mobile equipment and machinery, oil and gas, transportation, and utilities.

Will Hoffman, Executive Vice President of Operations, oversees the company's freight logistics, parcel spend and distribution strategy. Not surprisingly, the company has a complex shipping profile, not only because of its many stores, but also the incredibly diverse array of products it offers.

"Many of the products we offer are large, very heavy components and tools," says Hoffman. "But we also sell thousands of small, lightweight parts to business-to-business customers and consumers. That's why on any given day we might have numerous freight shipments that weigh thousands of pounds going out alongside numerous small express parcels. One order might be for a massive hydraulic cylinder while another might be for a hose fitting that only weighs a few ounces, but is needed to get a crucially important piece of machinery back in operation. Our shipping environment is incredibly diverse."

Having been with the company for nearly two decades, Hoffman has spent years searching for ways to incorporate a data-driven approach into the company's operations. This pursuit is something he has been passionate about since the beginning of his career.
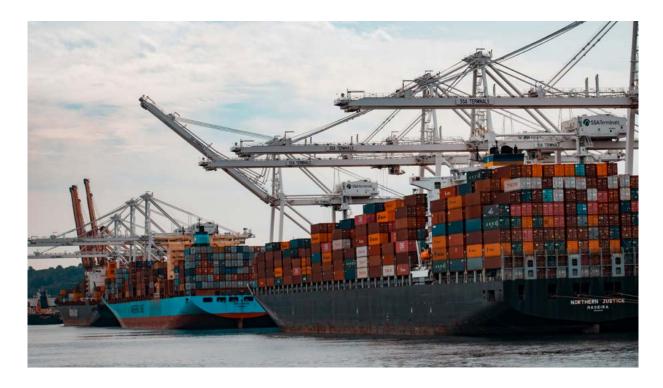
"One of my mentors shared with me that unless you are actively and accurately measuring something you are not really managing it," he adds. "As an operations professional, I believe

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that philosophy is really a cornerstone of any successful corporate strategy; however parcel shipping historically was an exception and outlier because organizations had very little visibility over their shipping activity and no access to the real time data needed to manage it proactively."

It was for that reason that Hoffman was immediately interested when he learned of Reveel's Parcel Spend Management (PSM) 2.0, the only platform that puts advanced analytics, modeling and simulation, statistical analysis and real-time, actionable insights at shippers' fingertips – giving them and the organizations

they serve the ability to proactively lower shipping costs, improve fulfillment and inventory processes, streamline operations and strengthen financial governance.

Hoffman surmised that with the platform's capabilities MFCP overcome the challenges that had long confronted shippers: with little standardization of data formats among carriers and each shipment in essence being an ad hoc event shaped by numerous, continually changing factors – among them a litany of surcharges and new rules and fees on everything from zones to package dimensions – most organizations lacked the ability to gain visibility over their shipping activity, let alone manage it or proactively take steps to lower costs and increase performance.

MFCP TURNS TO REVEEL'S PSM 2.0

Hoffman wasted no time putting Reveel's platform to use as he discovered it. The onboarding process was a breeze, with no complications.

"As soon as we plugged in our shipping data we knew the business would benefit from the shipping intelligence the platform delivered," he says. "It was also clear that rather than looking through carrier invoices or hiring a consultant to identify potential areas of savings, the platform would enable us to gauge our shipping performance and identify areas where we could make improvements and immediately save money."

Even after his initial experience exploring

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functionality in the platform via its intuitive dashboard, Hoffman knew it gave him the ability to actively and accurately measure the many facets of MFCP's shipping operation.

"It didn't take long to get a sense of the actionable insights Reveel's platform delivered, or the unprecedented insight into our shipping activity it made instantly available," Hoffman adds. "It was clear that the data it delivered and the ability to parse it with powerful analytics would enable us to approach shipping in a far more strategic fashion. We saw immediate value in the ability it gave us to proactively plan, measure, optimize and monitor our shipping activity and spend."

Specifically, Hoffman began to use the collective capabilities and software solutions that make PSM 2.0 – a proactive approach to parcel spend management – possible, including:

- **Parcel Shipping Analytics:** Reveel's platform and shipping analytics software – including its powerful Analytics Hub – a fully embedded business intelligence (BI) environment – takes complex shipping invoice data, cleanses it, and then normalizes it so powerful analytics can uncover immediate opportunities to save money while providing shippers with a real-time view into their shipping vital factors, the core metrics needed to ensure success. These include:

  ◦ **Service spend:** The total amount spent with a carrier annually, this should include accessorials and other line items from shipping invoices.

  ◦ **Surcharge Spend:** Total surcharge spend is crucial to track as new surcharges, and increases to existing surcharges occur often and encompass everything from fuel, to package dimensions and extra delivery area costs for rural – and increasingly urban – areas as well.

  ◦ **Average Cost-Per-Shipment:** Whether referred to as average cost-per-package or average cost-per-parcel, the average cost of each shipment should be closely watched, as revenue-per-package, or RPP, is directly applicable and considered the most important metric of all for carriers.

  ◦ **Minimum Charges:** Failing to keep track of the percentage of shipments that meet or exceed the minimum charges agreed on with the carrier can negate all other negotiated savings, discounts and exceptions.

  ◦ **Shipping Weight:** The average weight of parcels and the percentage of packages that hit or exceed the dimension weight threshold should be tracked at all times.

  ◦ **Average Zone:** Knowing the distance travelled by your packages is crucially important, not only for shipping performance and spend management, but also operational decision making. Questions like "Would a new distribution center save money?" or "Can in-store fulfillment be handled differently?" are best answered with zone-related data.

- **Carrier Performance:** How often is a carrier late with deliveries? Shippers must know at all times if carriers are meeting guaranteed or agreed upon service levels.

- **Time in Transit:** How long is the process taking from the time parcels are picked up to the time they are delivered is an important carrier performance metric shippers should track.

- **Contract Management:** With PSM 2.0, carrier contracts are monitored 24/7/365 – ensuring that costly surprises, from falling out of a revenue tier to failing to know when a negotiated surcharge discount expires before the term of the contact or that a change in parcel dimension requirements suddenly results in shipping an entire product line at a loss, never happen again.

- **Parcel Audit & Recovery:** Amazingly, Reveel found in its work with new and prospective customers that 75% of the parcel audit credits owed to organizations by FedEx and UPS go unclaimed. Usually reimbursements or refunds are owed because a carrier failed to meet its own service-level guarantees when a parcel was late, lost or damaged. With PSM 2.0, shippers are alerted when this occurs by Reveel's Parcel Audit Software, which includes:

  - **Automated Audits & Invoice Recovery:** Reveel's platform automatically audits shipments to uncover overpayments. Reveel even recovers credits on your behalf – getting shippers 100% of what they are owed.

  - **Customizable Reports & Data Visualization:** Reports detailing shipping costs are intuitive and easily customized so shippers have the most important information to them in one pane of glass.

  - **A Complete Breakdown of Credit Types:** From overcharges to duplicate charges and weight discrepancies, Reveel makes sure shippers always receive the maximum refund possible.

  - **Invoice Auditing:** A thorough audit of carrier invoices often uncovers savings of 1-2% of total parcel shipping outlays. With Reveel, shippers always keep 100% of credits and receive a comprehensive benchmark of shipping performance and spend with every audit.

- **Finance Automation:** For any organization engaged in online sales or that rely on the fast movement of supplies, parcel shipping spend is a significant budget line item that can make or break bottom-line results. Reveel's platform includes advanced and powerful software that provides shippers and operational and financial leaders with true transparency on everything from accruals to insights on which SKUs are problematic from a shipping perspective – intelligence that is invaluable to departments like marketing and sales and directly applicable to everything from financial reporting to pricing strategies.

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Some of the many financial governance and automation capabilities in PSM 2.0 include:

- **General Ledger (GL) Coding:** The PSM 2.0 platform lets shippers automate GL coding to ensure that financial operations and reporting is seamless and error free. The platform also delivers maximum flexibility, enabling financial leaders to customize GL coding for any number of perimeters, including channel, store, location, region, vendor, and customer to name a few.

- **Order Matching:** Shippers gain the ability to directly and seamlessly match orders with the correct shipping costs to carrier invoices, eliminating erroneous overage charges, ensuring accuracy in billing and enabling far more accurate cost predictions and forecasts.

- **Modeling and Simulation:** Reveel's advanced modeling and simulation capabilities represent a sea change, enabling shippers to pose the "what-if" simulations needed to make data-driven decisions. Some of the many capabilities inherent in PSM 2.0 include:

  - **Compare even the most complex carrier agreements and contracts side-by-side:** Whether for organizations considering or honing a multi-carrier strategy, or those that are going into an annual carrier negotiation and renewal, Reveel makes it easy to compare even the cost complex carrier contracts and the fine print within them.

- **Rate Modeling and GRI Impact Analysis:** For decades, shippers were unable to know with any level of real certainty how even the most basic budgetary factor – carriers' General Rate Increase or GRI – would impact their shipping budget or annual costs. PSM 2.0 lets shippers know in instance how a new GRI or a new surcharge will impact what they spend, not based on hypotheticals or time-consuming spreadsheet analysis, but with powerful simulations that let them see how costs will change if their actual shipments or past shipments over the past year – or other time frame of their choosing – occurred under the new rates, terms and conditions.

MFCP – REFINING OPERATIONAL INTELLIGENCE AND SECURING SAVINGS

Under Hoffman's leadership, MFCP has saved more than $850,000 using Reveel's platform. It also empowered Hoffman to enable enterprise wide changes. As a highly distributed organization, it was imperative to Hoffman that MFCP not only take a more strategic approach to manage its parcel spend at the corporate level, but also give business leaders at its 60 locations access to the intelligence Reveel's platform delivers.

Now, MFCP uses PSM 2.0 to generate a variety

of reports that provide valuable insights for local operation leaders, enabling them to enhance their parcel shipping activities. This includes an on-demand report that offers a comprehensive analysis of parcel spend based on location.

"We're continuing to build new reports so each of our locations can better understand their parcel spend, know what they spent moving inventory to customers, and other details and information they can use to make tweaks to their operation," says Hoffman. "I can immediately identify several opportunities for them, but our local leaders are now going through this same data with a fine-tooth comb and identifying issues and opportunities to save money. So as much as we are doing at the corporate level, the reports and intelligence we are delivering to our leaders on the street is even more meaningful and beneficial for the company. By default, we are turning our location leaders into shipping experts."

Hoffman is also creating new reports and using them in conjunction with MFCP's data visualization platform and enterprise resource planning system of record. Two of the most popular reports include one that tracks year-over-year parcel shipping volume and spend, and a second that shows when there are shipments to the same address moved on the same lane within 2-3 days of each other –

intelligence Hoffman plans to use to consolidate shipments when possible.

"On average, shippers that use Reveel's platform decrease their shipping costs by 22%, with many securing even larger savings," says Hoffman. "But that's just one part of the equation. Shipping intelligence has a direct impact on customer satisfaction just as shipping efficiency – and the lower shipping costs you can offer when you run a tight ship – is a significant competitive differentiator when selling online. But just as importantly, there is the confidence of knowing you always have the data to quickly and accurately make fact-based decisions. And that's a capability that is equally valued by your carrier partners and colleagues in operational and financial leadership. With Reveel, we also have the data, and the partner, we know will always provide us with the perspective and assistance we need to optimize our negotiation of fair shipping rates."

Shippers are invited to get a free demo of PSM 2.0 by visiting https://reveelgroup.com/get-a-demo/.

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 spend management expertise and over $8bn in transportation spend management, the company provides actionable insights and prescriptive analytics 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.

Get a Demo

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