1. Suppliers charge a CPG company for both logistics and material costs
2. Savings opportunities may exist should the CPG control the logistics component

Key Question / Hypothesis
How can the company minimize its total inbound logistics costs for raw materials?

Cost reduction opportunities exist if the company leverages:

Methodology

How can the company minimize its total inbound logistics costs for raw materials?

The Problem
1. Low visibility on suppliers’ logistics costs
2. Undefined and unquantified cost reduction opportunities

Methodology

1. Determine relevant cost components
2. Derive total logistics cost equation
3. Compare company’s logistics costs with market rates
4. Identify areas with scope of logistics cost reduction
5. Optimize current transportation network to integrate identified cost reduction opportunities

Expected Contribution
1. Cost equation
2. Cost reduction opportunities
3. Proposed by-supplier strategy

Relevant Literature
- Van Baar, C.M (N.D.). Improving Inbound Logistics: Summary