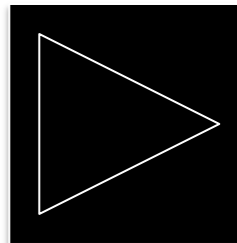


Inbound Logistics Network Optimization



Motivation / Background

- Suppliers charge a CPG company for both logistics and material costs
- 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:



Relevant Literature

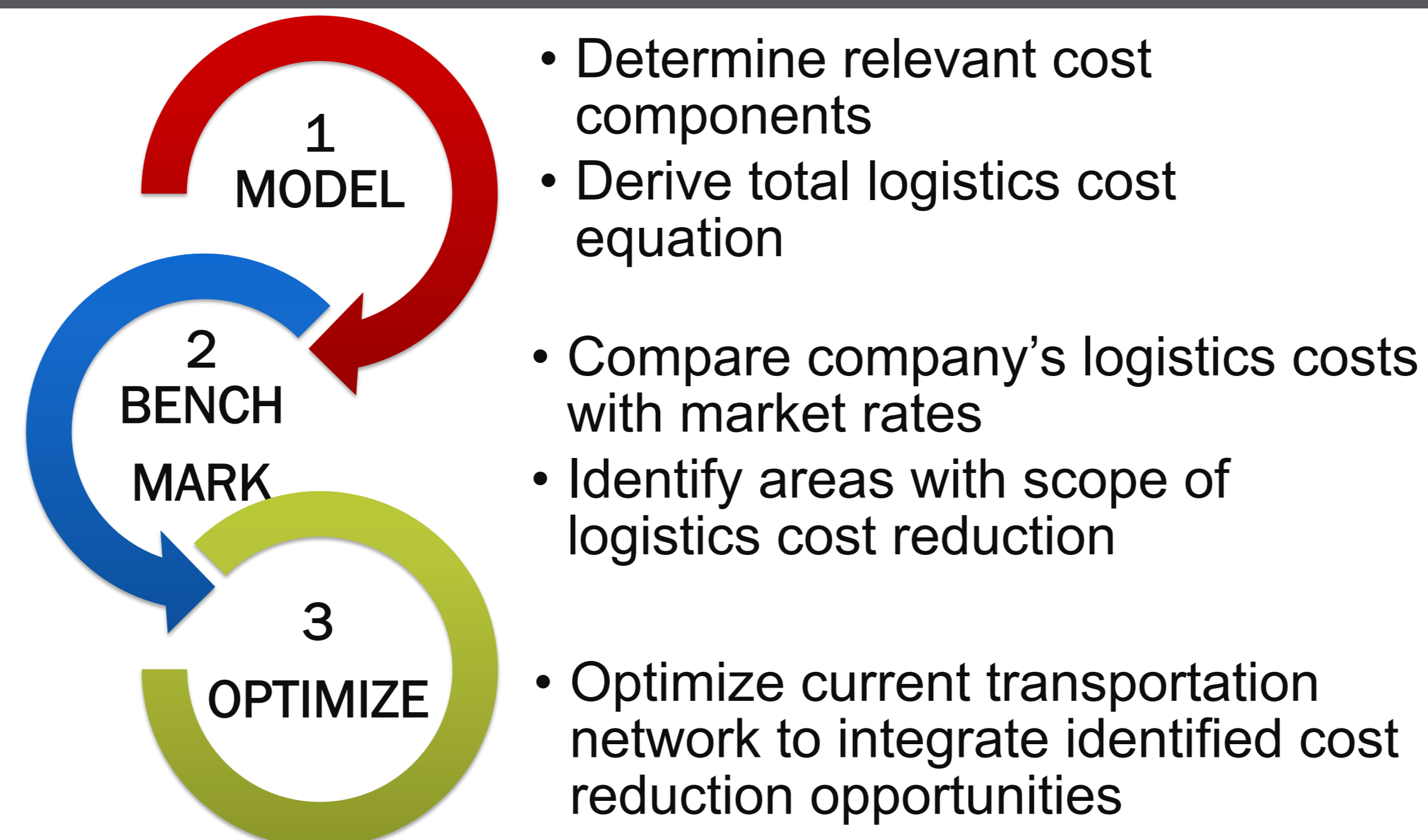
- Ford (2006). Inbound Freight Consolidation: A Simulation Model to Evaluate Consolidation Rules
- Nemoto, Hayashi, & Hashimoto (2010). Milk-run logistics by Japanese automobile manufacturers in Thailand
- Van Baar, C.M (N.D.). Improving Inbound Logistics: Summary



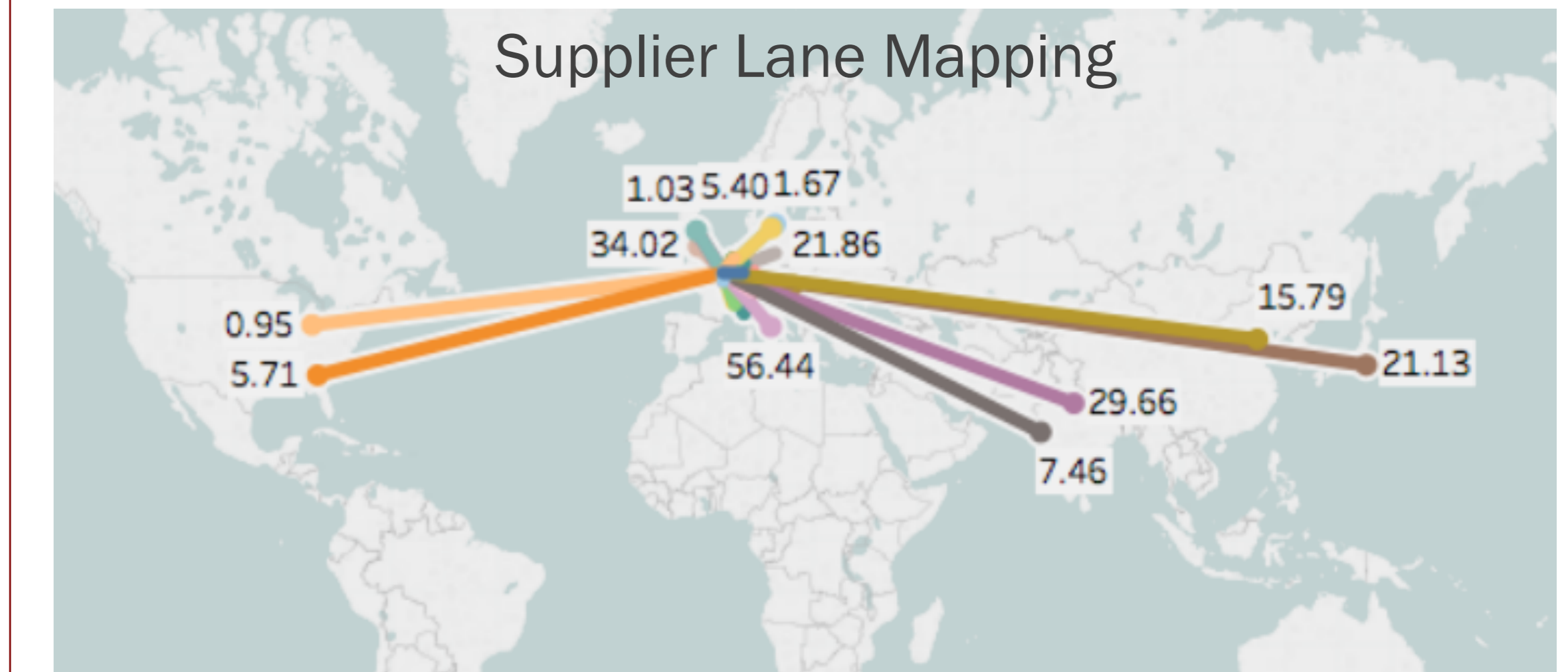
The Problem

- Low visibility on suppliers' logistics costs
- Undefined and unquantified cost reduction opportunities

Methodology

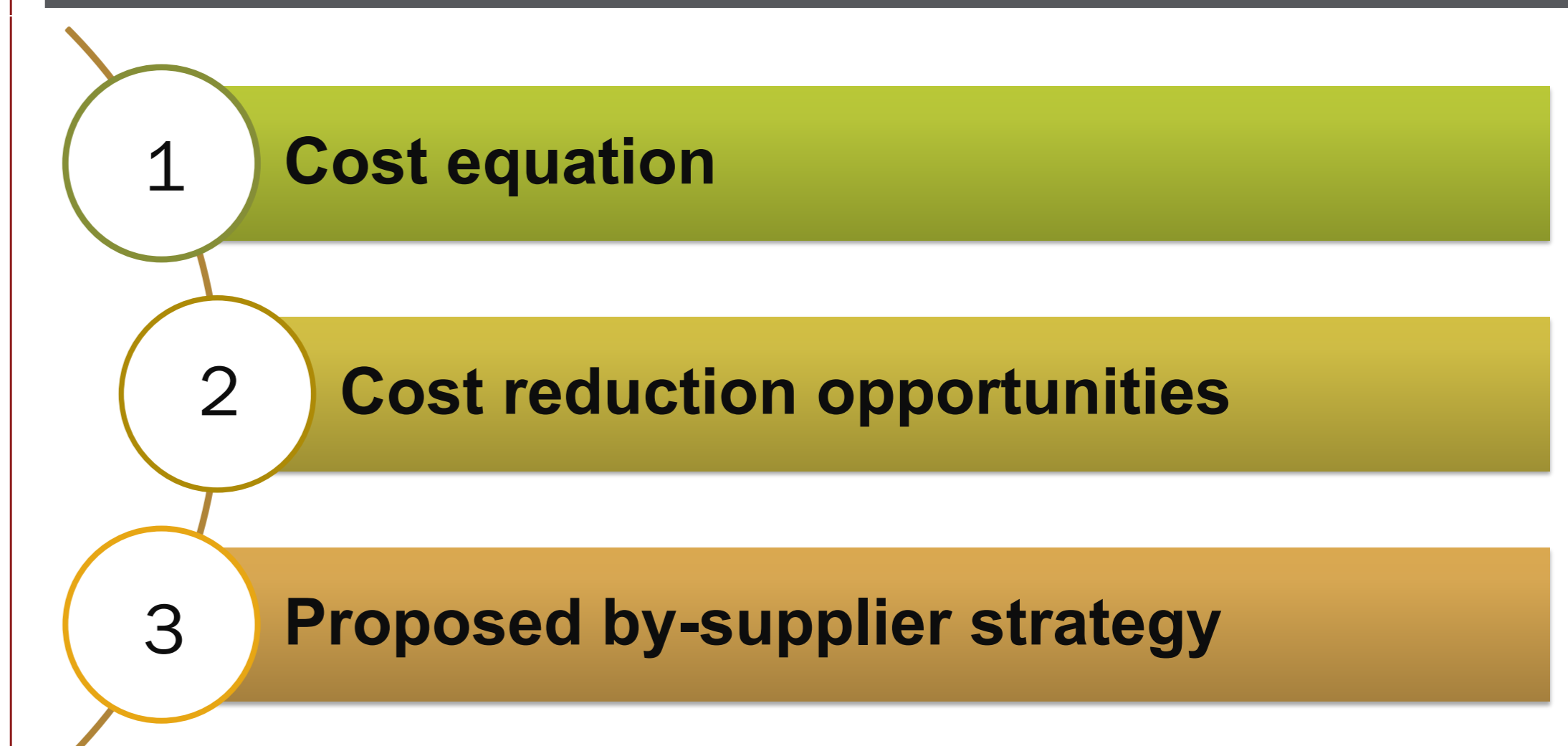


Initial Results



- Supplier lanes give total raw material volume and cost information.
- These variables will be used to derive logistics costs, based on the following: distance, customs, transportation mode, overhead.

Expected Contribution



Geraldine Felicio



Deepika Sharma

