TRIANGULAR BACKHAUL TO REDUCE COST

Sirinapa Jantrapon*
Assumption University of Thailand

ABSTRACT

Freight transportation charge is a major expense for this focus exporting company in a competitive market. Data analysis revealed that the company is under-utilizing its vehicles due to empty truck trips. The company looked for ways to minimize these empty runs, by considering a backhauling strategy. The company selected the triangular backhauling form as it has the best combination of inbound packaging material and outbound delivery of finished goods. The proposed strategy was tested on the transportation reports for 2014, using Excel, to calculate the reduced empty run kilometers and the cost savings benefit. The company must redesign the transportation routing and change the type of truck used to transport packaging material from a six-wheel truck to a 40 foot container truck. This solution was developed by the company’s export team, in collaboration with the packaging supplier, to provide a loading plan and loading equipment. There was also collaboration with a third party logistic provider on pricing.

INTRODUCTION

The company in this case study is a leading household brand located in Bangkok, Thailand, called “SC Company” (a pseudonym for confidentiality). It is a fast-moving consumer goods company. 50% of its products are exported, by ship, plane and truck. The company decided to

*This is a much condensed version of Ms. Jantrapon’s MSc research report in part fulfillment of the requirements for the MSc degree in Supply Chain Management at Assumption University. Her email is: JSirinap@scj.com