

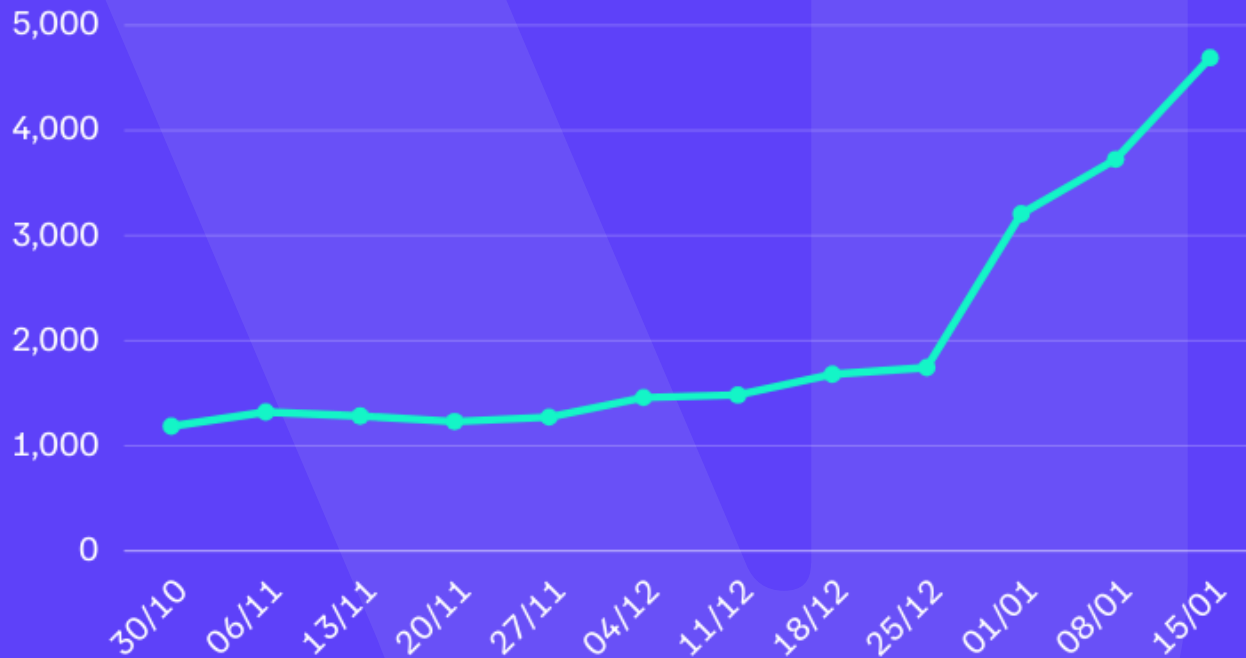
# Supply chain savings in a land of rising costs.

Areas for cost cutting in a world  
of high inflation.

Logistics doesn't have to be a maze.

## Xeneta Shipping Index by Compass – Far East to North Europe

Aggregator of short term FAK rates (\$) for a 40ft container from the Far East to Northern Europe.



The performance of a company's supply chain plays a pivotal role in determining its overall success. As businesses steer through waves of disruptions and price hikes, there's a real push for creativity in trimming supply chain expenses while maintaining the operation.

2024 has served the latest in a long line of supply chain crises, with commercial shipping largely avoiding the Red Sea after attacks from Houthi rebels. Consequently, freight rates have increased aggressively for shippers, making the question about supply chain savings more pertinent than ever.

Away from supply chain shocks, there is increasing regulation around emissions and wider environmental impact. While growing geopolitical tensions threaten the introduction of tariffs or worse. All threatening higher costs.

Amidst all this uncertainty, business risk registers are bulging like never before. So, what's a savvy business to do in the long run to minimise the damage these black swan events can cause and slash supply chain expenses?

*"The list of external threats to international supply chains seems to be growing every year. Thankfully, across an international supply chain there are countless opportunities for cost saving and improving resilience. I hope this piece gives you some ideas."*

**Jade Blackburn, Head of Sales, WTA**



# Supplier analysis

Taking a detailed look at your suppliers can have a dramatic impact on supply chain cost. There are several avenues to explore here.

## Price negotiation

The most obvious starting point for cutting supply chain cost is negotiating with suppliers. Understanding their cost structure and competitors can help you negotiate more effectively. Consider negotiating payment term changes or volume discounts if overall price isn't on the table.

## Performance benchmarking

Establish KPIs for your supplier and benchmark their success against them. On-time delivery rate, quality standards, responsiveness are all metrics which affect your bottom line. Recording these, and working to improve them, will improve profitability.

## Supplier consolidation

Consolidating your supplier network can give you far more than increased negotiating power. Working with fewer suppliers simplifies your supply chain management and reduces administrative overheads. It allows for the development of deeper relationships and more collaboration around on cost cutting.

## Supplier diversification

Alternatively, diversifying your supplier base could provide the necessary risk mitigation against black swan events. In times of crisis, contingency plans can save serious cash. It could be that your supply chain would benefit from greater diversification instead of consolidation.

We have produced a separate blog, which includes far more detail on the benefits of supply consolidation vs diversification [here](#).



# Optimising transportation

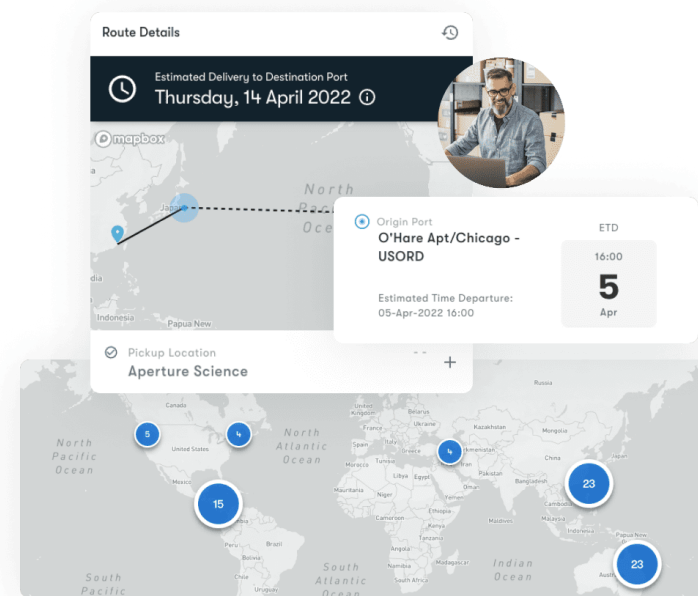
By analysing your routes and transportation network, there is often plenty of scope for cost saving.

Whilst this is possible to do with spreadsheets, it's made far easier when using new data and visibility platforms.

Taking a holistic view over a 6-12 month window of logistics can uncover many inefficiencies in your network.

Perhaps there are excess wasted journey charges or several cargo loads which could be consolidated into a single shipment. Trade lanes tend to swing in price seasonally. Could you adjust buying patterns to ship during cheaper windows? Is there a particular shipping line or haulier who is costing more money? Or a port where delays and additional charges are more common?

These are just a few small examples of the optimisation opportunities that lie within transportation analysis.

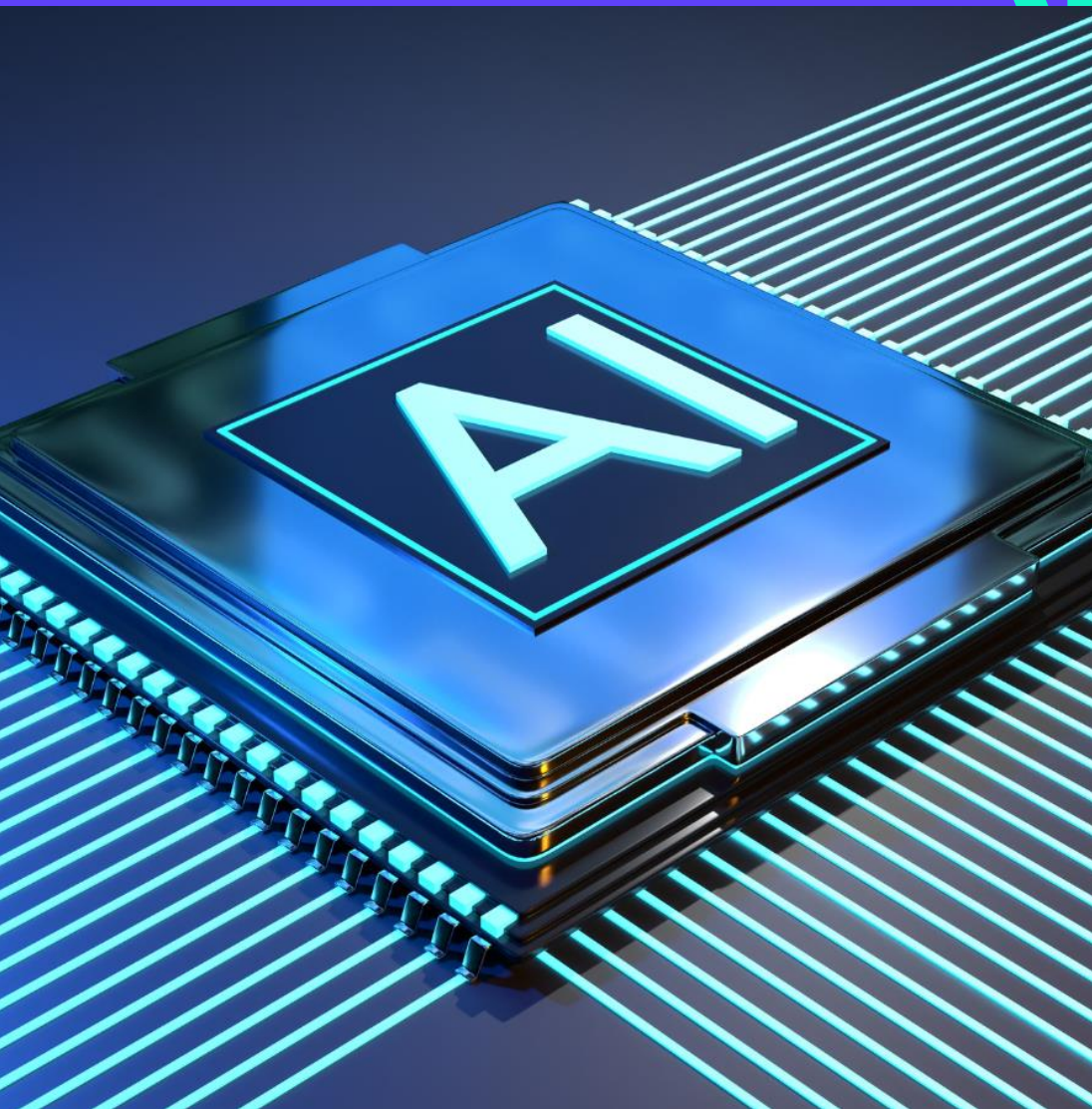


A supply chain visibility tool which automatically reports on vital cost and time data transforms the ease of this process. Every shipment is logged, graphed and mapped in granular detail. Charges clearly outlined.

Analysing the information for optimisations becomes a simple case of reading the information. Highly sophisticated tools will even use AI (more on that next) to spot enhancement opportunities for you, taking vast quantities of data into account.

Our visibility tool is the [WTA Platform](#).

[Book a demo](#)



# Artificial Intelligence (AI) and Robotic Process Automation (RPA).

We're seeing increased integration of artificial intelligence into supply chain management and visibility platforms. As the technology becomes more widely available, AI can be applied across any supply chain spoke to highlight cost saving opportunities. Able to analyse vast quantities of data to forecast demand, optimise transport routes, predict maintenance and much more.

A less fashionable, but perhaps more relevant digital enhancement for your cost saving in 2024 is Robotic Process Automation. This is the practice of using API links and other computer automation techniques to speed up and cheapen basic administrative tasks.

API links can be deployed to submit customs entries, manage inventory levels, process invoices and much more.

Your logistics service provider should be knowledgeable and willing to work with you, to establish where RPA could deliver cost savings.

72%

Executives who believe that AI will be the most significant business advantage in the future. (PwC)

# Review inventory management

Analysing your use of warehousing and inventory can be a shrewd cost cutting strategy in the supply chain.

## £432.6bn

**Estimated size of the warehousing and storage market by 2025 (ScottMax, 2024)**



### Optimise Orders

Investigating historical sales data and seasonal buying patterns can give you excellent insight into the perfect inventory levels, avoiding smaller shipments with higher per-unit costs.



### Reducing Overstock

Too much product in storage incurs additional costs. However, be mindful that too little stock increases exposure to supply chain disruptions.



### New Technology

Again, technology across the warehouse can be a vital technique for cost cutting. RFID tags, among other digitalisations, can provide improved visibility, reduced error and automate certain processes. All of which saves cash.



### Streamline Warehouse Ops

Look for ways to minimise costs associated with running your warehouse. Better organisation can reduce locating, picking and packing costs associated with operating a warehouse.



### Cut Carrying Costs

By implementing other steps mentioned on this page, expenses related to storing inventory, such as rent, utilities, security and insurance could also be reduced.



### Review Obsolete Inventory

Streamline your stock by removing (and selling!) any obsolete or slow-moving inventory. This can act as a short-term cash injection and frees-up valuable warehouse space. So, it saves money long-term too.



# Seek expert supply chain guidance

In 2024, your freight forwarder should be able to provide supply chain consultancy and route optimisation advice. We believe in making them work harder for you.

At WTA we pursue more than a transactional relationship with our clients. We're happy to work with them to find cost savings across their entire supply chain. Regularly providing free industry insight and market updates to enable informed decision making.

Our team work across 679 trade lanes every year and are experts in streamlining processes at all key junctions of supply chain.

## How we saved a major publisher £1 million

Finding efficiencies in a publishing giant's supply chain, which had dramatic consequences for their profitability.

## How WTA saved a food manufacturer over £100,000

WTA's logistics expertise saved a global manufacturing giant hundreds of thousands of pounds on their supply chain, without compromising food quality.





Combining the previous elements...

## Build a supply chain strategy

Implementing supply chain savings all rests on developing an effective supply chain strategy. A winning supply chain strategy aims to streamline processes, enhance efficiency, and optimise resources.

It should cover the following vital elements:

### **An outline of the current supply chain network.**

Evaluate the current routes, number and location of facilities, to build a picture of how transportation costs and lead times could be minimised. Look for optimisations and wastage.

### **Identify achievable KPIs.**

Outline a target total landed cost KPI that you'd like to achieve and the timeframe.

### **Supplier relationship management.**

Lay out the current relationship with suppliers and identify areas for improvement.

### **Conduct a risk assessment.**

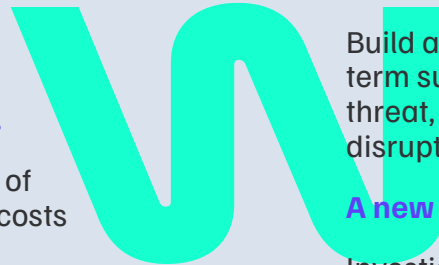
Build a detailed risk register which considers long-term supply chain challenges. For every logistical threat, construct several solutions to minimise disruption and cost exposure.

### **A new technology implementation plan.**

Investigate new or emerging technology which could be implemented in your logistics. An effective way to cost cut is to adopt new technologies which can enable optimisations and cost cutting through countless different ways.

### **Seek consultancy.**

Reach out for help from the experts at your logistics service provider. It's likely they won't even charge for consultancy.





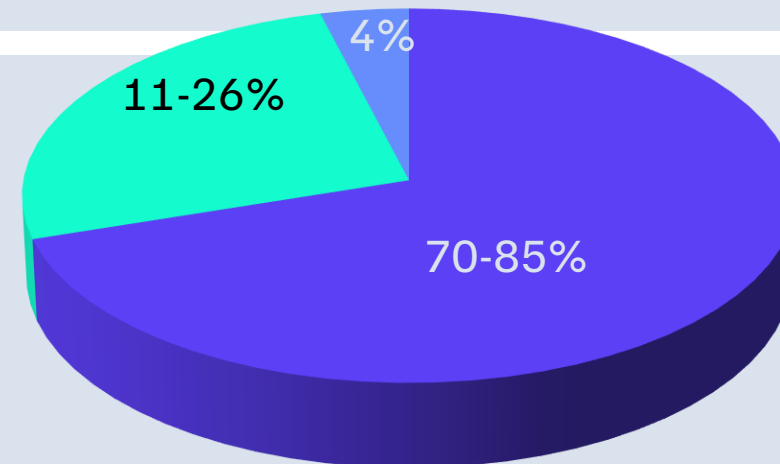
# Remember to look beyond the freight rate

At times like this, the logistics conversation is very rate driven. However, a fundamental part of finding long term savings in your supply chain is to look beyond the freight rate.

In normal market conditions its estimated that freight rates and transport costs only make up about 4% of product cost. Wider supply chain costs can be as much as 26%.

Finding savings in that piece of the puzzle can be far more fruitful.

Total product cost



- Manufacturing, overhead cost, profits
- Other supply chain costs
- Transportation Costs

# Design the ultimate supply chain with WTA.

Logistics doesn't have to be a maze.



Speak to the team if you want to create the ultimate supply chain.

Jade Blackburn  
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