

Purvis Industries

AFS Services: Freight Audit & Payment, LTL Cost Management, TMS, Parcel Cost Management and GL Coding

ABOUT THE CUSTOMER

Family owned and operated industrial distributor, Purvis Industries began as an auto parts and tractor supply store in Waco, Texas over 75 years ago. The company has since expanded to 12 separate business units with 92 locations and prides itself on offering top-quality products including bearings, mechanical, fluid power, engineering, conveying, precision loadout and material handling systems, industrial automation, total belting solutions, oilfield and mining supplies, hydraulic service and more.

CHALLENGE

Purvis' growth and expansion brought rising transportation costs. However, monitoring and assessing precisely how much costs were increasing had become more difficult because the company did not have a good audit process for their LTL and parcel invoices or a GL coding process to ensure proper cost application to each of the company's locations. Not only was Purvis auditing their invoices through a full-time position within their finance department (which reduced their internal resources), but the company lacked the ability to assign the right cost at the facility level, which is critical to producing a clean profit and loss report. Purvis also had no way of knowing if they were being overcharged for shipments. Combining this scenario with general rate increases (GRIs) and inflation resulted in transportation costs that were no longer market-appropriate. It became a struggle for Purvis to combat the increase in costs without sacrificing service or passing the financial responsibility onto their customers, which simply was not an option.

"Every dollar you pass from the cost of goods and to customers has to be correct. A more accurate cost to customers means those reductions in uncollected freight expense create a return to the bottom line" said Bob Moran, Chief Financial Officer of Purvis Industries.

The company knew they had to make some changes but with their double-digit business growth and limited staffing, Purvis lacked the time to invest in making updates to their current process. "We also didn't have a transportation management system (TMS) in place or the time and knowledge to find one, let alone implement and expand our carrier relationships," Moran added. As a result, the company was spending hundreds of hours manually quoting and booking shipments.



\$86,000

**RECOVERED IN CARRIER
OVERCHARGES IN THE
LAST 12 MONTHS**



>\$1.7M

**REDUCED LTL
SPEND ANNUALLY**



>\$321,000

**REDUCED PARCEL
SPEND ANNUALLY**



Purvis Industries

AFS Services: Freight Audit & Payment, LTL Cost Management, TMS, Parcel Cost Management and GL Coding

SOLUTION

The first step in reducing Purvis' transportation costs was to implement an official freight audit and payment (FAP) process to ensure accurate invoicing and remove the burden from their internal finance team. Upon a detailed inspection of the company's invoices, AFS was not only able to begin monitoring freight expenses at the location level, but also discovered Purvis' discounts were not being correctly applied and they were being incorrectly billed for fuel and accessorial charges equating to thousands of dollars in carrier overcharges.

Next, it was time to renegotiate the company's LTL and parcel rates and with such a large transportation spend, Purvis had the leverage to obtain more appropriate pricing.

AFS' LTL team put its Cost Management services to work with benchmarking and bidding processes to compare and evaluate market rates for more competitive pricing. To ensure the most competitive rates were maintained without compromising service, AFS provided recommendations for pre-vetted carriers who aligned with Purvis' needs at a more market-appropriate cost. Purvis was also equipped with a TMS for automation and full visibility into the cost of their shipments, enabling the company to recover freight costs.

"The goal is 100% freight recovery and the AFS process is getting Purvis closer to that goal," said Moran. "We wanted a better process to control and manage the full delivered cost to customers and inventory, but the terms of our inbound deliveries were difficult to change from prepaid to collect. AFS has helped with the TMS routing and reporting to allow us to manage our vendor relationships while ensuring the efficient fulfillment of our orders with quality service for a better cost."

To optimize the company's parcel costs, AFS leveraged its own audit, market data and parcel teams to execute its Parcel Cost Management services. GL coding was also implemented to further support proper cost allocation by location automating another laborious task. By taking on this responsibility, AFS allowed Purvis to obtain stronger rates while being totally hands-off, freeing up essential staffing hours to focus on their core business.

"The goal is 100% freight recovery and the AFS process is getting Purvis closer to that goal... AFS has helped with the TMS routing and reporting to allow us to manage our vendor relationships while ensuring the efficient fulfillment of our orders with quality service for a better cost."

Bob Moran
Chief Financial Officer
Purvis Industries



Purvis Industries

AFS Services: Freight Audit & Payment, LTL Cost Management, TMS, Parcel Cost Management and GL Coding

RESULTS

Since the implementation of AFS' Freight Audit and Payment, LTL Cost Management, TMS, Parcel Cost Management and GL Coding services, Purvis has:

- Recovered \$86,000 in carrier overcharges in the last 12 months
- Reduced their LTL spend by more than \$1.7 million annually
- Recovered an additional 9% of freight costs per order
- Lowered costs by \$121.60 per order in 2022
- Reduced their parcel send by more than \$321,000 annually
- Cut 1,500 hours spent auditing invoices and 10,000 hours managing shipments for a total of 11,500 staffing hours saved annually
- Reduced the time it takes to access critical shipment data by up to two days
- Improved collaboration between operations, logistics and finance teams

Purvis has also been able to redeploy a full-time position from finance to other duties, shorten cost-to-cash time and automate many of their previously manual tasks, which were conducted by nearly 200 employees daily. Further, the company's own operations and customer service have improved as a result of correct invoicing with detailed transportation costs, quality delivery at a lower price and access to detailed tracking information for all inbound and outbound shipments. "The relationship with AFS has been a long one, but specifically in the last five years our business has accelerated and so has our work with them. The services they have provided have been a huge key to our success," said Moran.

Currently, Purvis Industries is working toward expansion. AFS will provide similar support and implement a process for vendors to ship collect to the companies that become part of the Purvis brand.

Additionally, AFS will be building out a full suite of analytics using the AFSmartAnalytics tool. The system will provide on-demand reporting for every mode of Purvis' transportation network and ensure proper cost alignment, accurate accruals, recommended carrier compliance and more to support the company's future growth.

"The relationship with AFS has been a long one, but specifically in the last five years, our business has accelerated and so has our work with them. The services they have provided have been a huge key to our success."

Bob Moran
Chief Financial Officer
Purvis Industries