

Ace Hardware

Delivering Substantial Cost Savings

The partnership between Ace Hardware and AV Logistics helped the company increase visibility, reduce accessorial costs, and streamline operational processes. It all translated to measurable cost savings for Ace Hardware.

Ace needed help with unprecedented container volume and excessive accessorial costs.

Challenge

Headquartered in Oak Brook, IL, Ace Hardware is the largest non-grocery cooperative in the country, with more than 5,000 stores nationwide. It imports nearly all of its goods from Asia. Inventory is seasonal, but in 2020, container volume was surging due to the pandemic.

At that time, Melonie Hertel, Director of International Logistics and Compliance, joined the company. The import container volume was heading to 10K/year, more than double Ace's usual traffic. The company needed to scale up operations to keep their drayage flowing.

Melonie was delighted to find extra drayage capacity through C&K Trucking. However, she still needed help with the overworked skeleton crew of three people trying to manage all the details of the rapidly growing volume of containers and drivers. She needed help managing their carriers and controlling costs to address excessive per diem and demurrage costs.

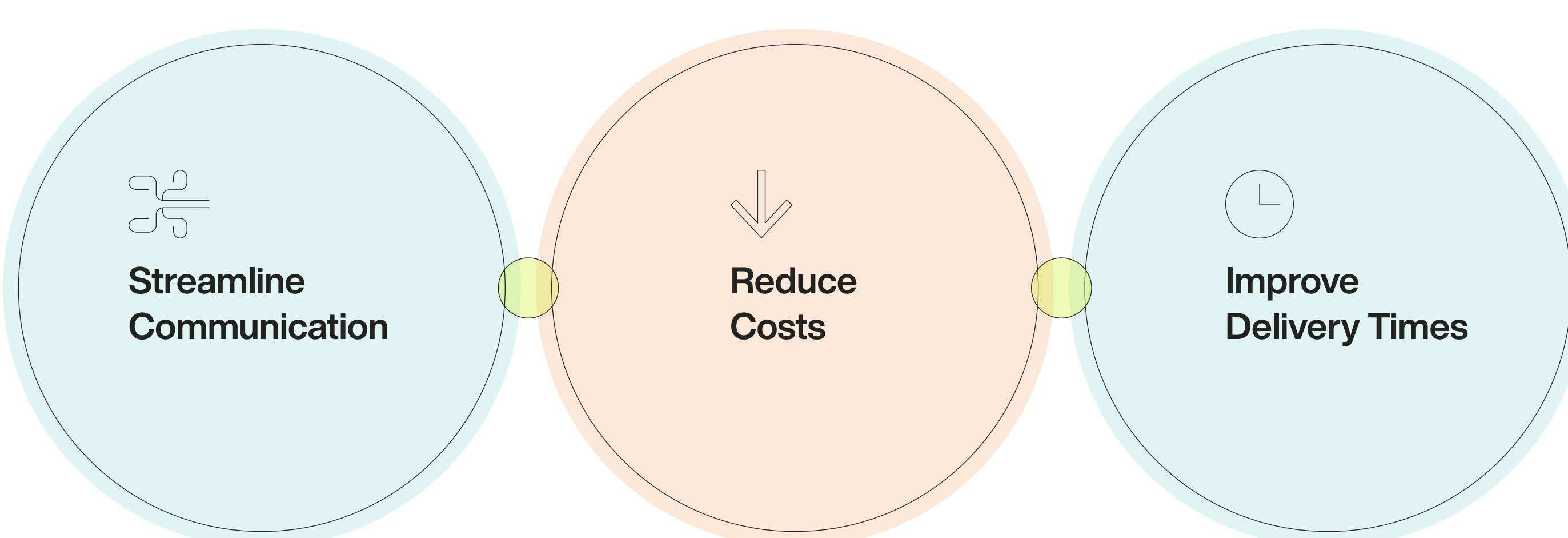
In terms of technology, the team had visibility gaps. Ace was heavily dependent on email updates and spreadsheets for ETAs. With the lack of real-time data, warehouses frequently complained of deliveries arriving without proper notice. Ace needed to leverage supply chain technology to improve visibility and streamline communications.



“I needed operators with drayage expertise to manage all our imports.”

Client Goals

Ace Hardware knew they needed a better partner so they searched for a drayage specialist with a core focus on drayage management to serve all of their needs.



Ace chose AV Logistics because of their drayage management expertise and cost savings strategies.

Solution

Melonie reached out to AV Logistics for help. She was impressed by their focused expertise in drayage management and cost control programs. One of her immediate goals was increasing visibility, and AV Logistics offered their visibility platform, Coreviz, as a solution.

In 2020, AV Logistics stepped in as Ace's 3PL to manage their entire drayage operations. AV Logistics became the mediator between the partner carriers, the SSLs, and other supply chain partners to manage everything. AV Logistics' beneficial relationships in the shipping lines and rails helped Ace with ocean bids and proactive drayage management lead to faster deliveries to the distribution centers.

To control costs, AV Logistics leveraged industry expertise and visibility data. They started by using Coreviz to identify containers at risk for per diem or demurrage. Armed with this data, they made cost-effective decisions to avoid these charges. For example, they were bobtailing instead of accruing per diem charges.

With AV Logistics managing drayage, Ace immediately saw a drop in per diem and demurrage costs. They also experienced better real-time turns and plans. In 2023, Ace set an "overly ambitious" goal to reduce accessorial spending from \$4M to \$1.5M. That year, AV's programs exceeded expectations, with accessorial spending cut to less than \$500K, well below the goal, and \$3.5M less than their previous spend.



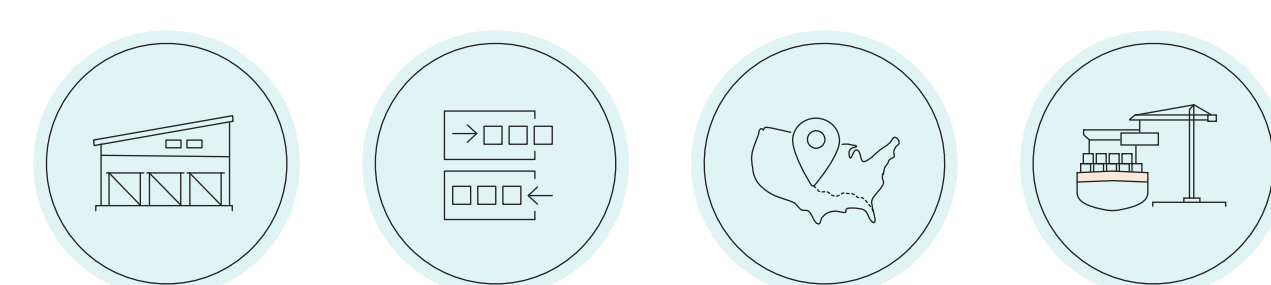
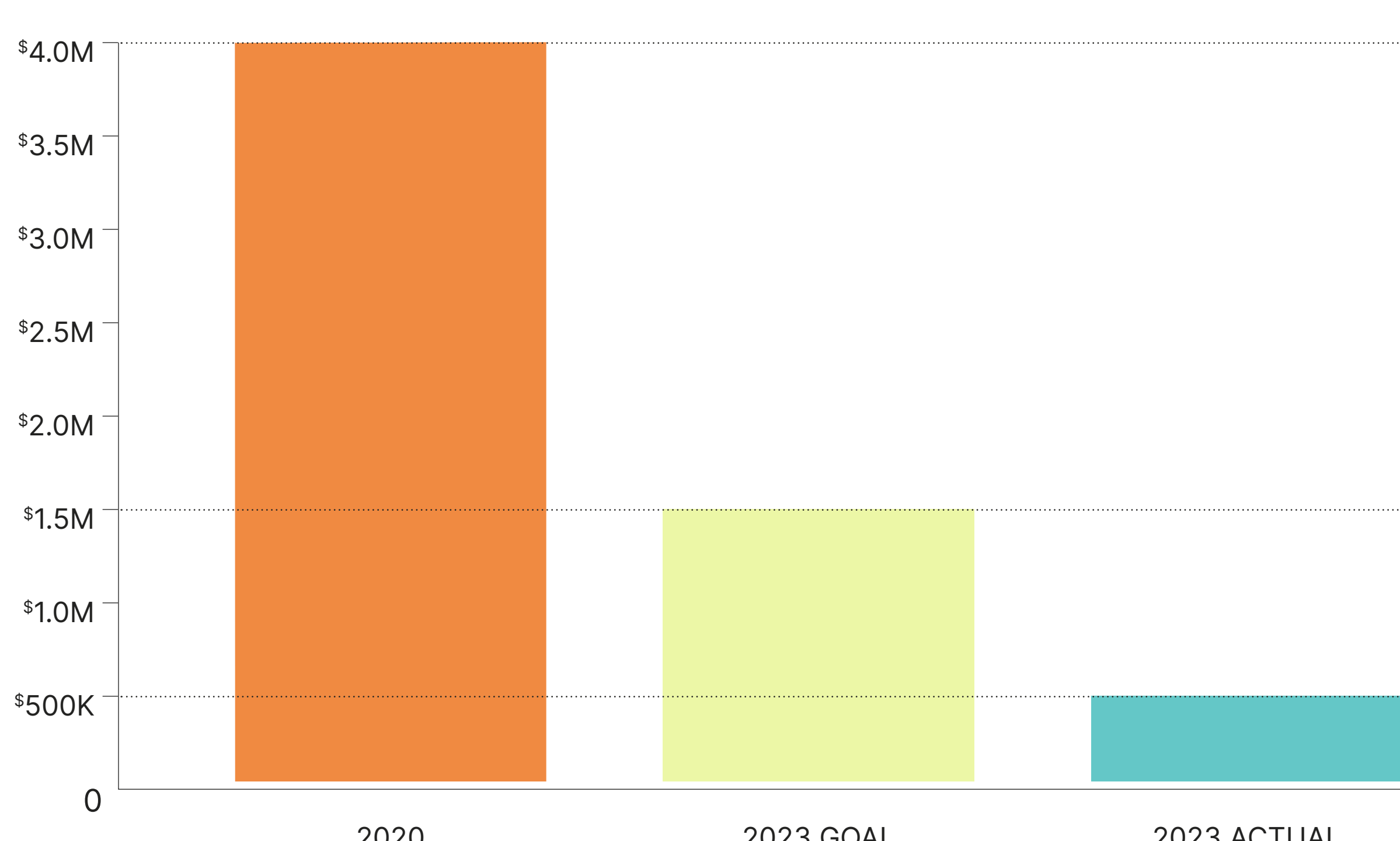
AV Logistics slashed accessorial costs resulting in the lowest annual spend in company history.

Proactive drayage management greatly reduced costs and streamlined operations.

Results

- **Reduced Accessorial Costs**
Demurrage and per diem management programs reduced the accessorial spending by more than \$3,500,000.
- **Better Communication**
Communication with supply chain partners was greatly improved, resulting in more efficient and timely deliveries.
- **Improved Delivery Times**
Time from outgate to distribution centers was reduced from 30 days to 7 days.
- **Expert Guidance**
Expert guidance, including predictive analysis of logistics scenarios led to better decisions.
- **Streamlined Operations**
Outsourced drayage management relieved Ace of fleet management headaches and provides clear SOPs for carriers.
- **Improved Warehouse Operations**
Surprise deliveries at the warehouse were eliminated and upcoming deliveries were clearly communicated when problem-solving and prioritizing logistics.

Accessorial Costs



2020 Cost \$4,000,000
 2023 Cost Goal \$1,500,000
 2023 Actual Cost \$500,000

\$3,500,000
 Cost Savings

Demurrage and per diem cost containment programs along with proactive drayage

AV Logistics became a trusted, valuable partner and exceeded all expectations.

Get Started

If you need a partner with expertise in managing the complexity of your shipping container flow from port to distribution center, we encourage you to contact us to discuss your needs. We've helped some of the world's largest importers with their drayage operations and we can do the same for you.

sales@av-logistics.com
 888-209-3524
 av-logistics.com

