THE SHARED MILK RUN

WHAT IS IT?

Companies are continually challenged to improve their overall operational services by reducing transportation spending, inventory levels and delivery timelines. The Carter Milkrun System was designed to address those specific challenges and support clients' lean manufacturing efforts.

The Carter Shared Milkrun Network is a unique logistics model designed to support lean initiatives by combining freight from an international client base and thousands of suppliers into a single supply chain solution. One of the pillars of Carter's success is the "Split-Bill" methodology, which allows clients to fairly split the overall cost of shared milkrun routes.

HOW IT WORKS

Milkrun clients share the cost of each shared "milkrun route" based upon the percentage of weight they ship.

For example, if you ship 50% of the total weight on a milkrun route, you pay only 50% of the transportation costs.

Carter Logistic's analysts perform weekly route optimizations to ensure shipments travel in the most efficient manner. The proficiency and determination of the Carter Logistics team allows clients to experience substantial and continued savings and achieve their lean initiatives.

THE MISSING LINK IN LEAN MANUFACTUING

The Shared Milkrun allows your parts to "share a ride" with other customers' products while cutting your shipping costs.

Carter's huge network also minimizes empty miles, further reducing costs. As suppliers and/or manufacturing plants add weight to the network, the cost per pound decreases for all participating clients.

SPLIT -BILL MILKRUN

Split-Bill Milkrun is a must if you're a small manufacturer or you have a mid to large-sized operation that relies on lean manufacturing principles. This unique billing system allows you to only pay for the percentage of the trailer that you use. Unlike other shipping methods like Truckload, LTL and the Dedicated Milkrun, Split-Bill Milkrun reduces your cost while simultaneously increasing shipping frequency and flexibility.

RETURNABLE CONTAINER SHIPPING

Green logistics is continually making its way onto the priority list for US and Global Manufacturers. Eco-friendly shipping can be accomplished in a number of ways including utilizing returnable containers. When your logistics provider offers returnable container management, they lower how much physical waste (in the form of disposable shipping containers) your supply chain produces.

Likewise, utlizing returnable containers inside a Shared Milkrun means higher cube and less empty miles driven. It completes the puzzle of coordinating trailer fullness, with multiple customers and suppliers receiving freight and loading empty returnable containers on each stop throughout the Milkrun route.

Think of the Shared Milkrun like logistics carpooling. Sharing trailers and routes lowers carbon emissions overall and each company can boast in their ability to reduce CO2 emissions in their supply chain.

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DEDICATED MILK RUN VS. SHARED MILK RUN

Having a well-planned and executed network of customers, suppliers and daily routes is key to a successful supply chain operation. Analyzing the way freight is transported from one location to another is a crucial part of any company's business plan and can also significantly impact a company's financials. While every company's most efficient mode of transportation may vary based on their needs, two options are the Dedicated Milkrun and Shared Milkrun.

In a Dedicated Milkrun, a truck will visit the suppliers of only one company. The drawback to this form of transporting freight is that there can be a significant amount of down time for drivers, as well as empty space in the truck while it moves along a lengthy route before it is even close to being full. Once the route is completed, the truck returns empty. These factors lead to wasted space and money.

While a Shared Milkrun is quite similar to a Dedicated Milkrun, there are some added benefits to this form of transporting freight. In a Shared Milkrun, freight is transported for multiple suppliers and multiple customers. This allows for shorter, more frequent routes, which means trucks are full of freight a larger portion of the time. This allows for higher efficiency and more frequent movement of freight. In addition to this, a Shared Milkrun utilizes dynamic routes that allow for flexibility in volume changes.

In a Shared Milkrun, the volume of traffic is reduced within a facility because freight will be shipped during a scheduled window of time. In addition to this benefit, the cost is more efficient due to a returnable container management system that allows the cost of returning to be based on weight.

Comparatively, a Shared Milkrun most definitely has benefits over a Dedicated Milkrun. The amount of freight that is transported is planned in a way that allows for the most efficient and cost-effective use of space. That cost saving aspect, combined with the easy returnable container system, adds up to a great deal of savings. When you factor in the time and minimal inventory being kept, one can see that there is a financial benefit to taking part in a Shared Milkrun.

Benefits

1. The cost savings gained both on freight and returnable by sharing the truck with other customers
2. Maximized cube utilization and efficiency when sharing routes with other suppliers/plants in the network

TRUCKLOAD SHIPMENT VS. SHARED MILK RUN

When using the Truckload Shipping Method, a shipment will remain at the dock until the truck's cube is fully utilized. Once the cube has reached its capacity, it will then be shipped, resulting in a significant amount of down-time while waiting for the freight to reach capacity. This in turn causes longer lead times and allows inventory to accumulate within a facility. While it does make the most of a cube, it is not a beneficial shipping method for just-in-time delivery or lean manufacturing methods.

Comparatively, a Shared Milkrun is effective when wanting to keep inventory levels at a given facility low. This method allows drivers to pick up freight during scheduled time windows, allowing the traffic in the facility to be minimized. Because the routes run 24/7, crossdocks are always shipping and receiving freight. This allows a Shared Milkrun to reduce empty miles, increase trailer utilization and ship faster than a Truckload Shipment.

In addition to this, the Carter Shared Milkrun has an expansive network of customers and suppliers that allows Carter to utilize dynamic routes. Because the network is so large and can be rerouted to fit each customer's needs, it gives each customer flexibility in volume changes to ensure that they have the right space reserved for each pick-up. This ensures that you are paying for only the space you are using, despite fluctuation in volume, while also sharing the cost of the shipment with other companies.

Overall, a Shared Milkrun has several added benefits when compared to a Truckload Shipment. Because Carter Express has analysts that are constantly reviewing routes for the best efficiency, customers can be sure that their freight is moving as quickly as possible.

Benefits

1 Beneficial shippping method for just-in-time delivereies and lean manufacturing methods

2 Reduce empty miles, increase trailer utilization and ship faster

LESS THAN TRUCKLOAD VS. SHARED MILK RUN

A Less than Truckload shipment is typically used when the freight weighs between 151 and 20,000 pounds. If a small amount of freight needs to be shipped, the advantage of LTL is that you only pay for what you ship rather than paying for a whole truckload. In addition to this, LTL allows smaller amounts of product, parts and materials to be moved more frequently than if you waited for a full truckload to be ready, giving your manufacturing and warehouse operations just-in-time capability.

With that being said, LTL shipments do have drawbacks. Because the entire truckload is not dedicated to your product alone, LTL providers will typically consolidate various freight together, adding more dock time. Because the freight is being consolidated, the product may be moved several times into different trucks along its route. This causes the risk of damage to be much greater.

A better option for companies who do not need to ship a full truckload is a Shared Milkrun. With this shipping method, a company still has dedicated truck space for their product just like an LTL and will share the truck with other companies. Unlike LTL, the route of a Shared Milkrun is well planned and consistent which allows for fewer stops. Because of this, the freight is only moved to the crossdock once and then onto a delivery truck, not moved from truck to truck and consolidated like an LTL shipment would be. This efficiency allows the risk of damage and cost of shipping to be much lower.

Carter Express has a unique option for its Shared Milkrun that makes this form of transportation even more beneficial. It allows a company to pay for the weight used on the truck instead of charging by freight class. In addition to this, some Shared Milkrun providers offer a returnable container service. It also keeps the trucks fuller for much more of the route, lowering costs for other customers. If a company has smaller amounts of product that they ship on a regular basis, a Shared Milkrun is the better option.

Benefits

1 Well-planned and consistent route allowing for fewer stops

2 Significantly lower risk of damage

IMPACT ON LEAN MANUFACTURING

- Reduced safety stock (lower inventories)
- Small lot and more frequent shipments
- Improved transit times with scheduled deliveries
- Lower logistics cost and reduced cost per pound
- Level production and delivery schedules
- Integrated pull systems

REDUCING SUPPLY CHAIN COSTS

- Better trailer utilization
- Better fuel utilization
- Less wait time at the suppliers
- Less damaged material and fewer claims
- Fewer expedited shipments
- Single source for all transportation needs
- Returnable container management

CARTER LOGISTICS
LLC

For three generations, the Carter family of companies have been evolving to meet the demands of an ever-more-connected world. What began as a modest, family-owned dealership in 1957 eventually developed into a trucking company and then into a public and globally-owned logistics powerhouse with clients located around the world.

Find out more:

www.carter-logistics.com