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Cardinal Logistics Saves \$1 Million through Fleet Optimization

Transportation and logistics services provider enlists Corcentric to capitalize on merger

THE BUSINESS

Cardinal Logistics manages one of the largest, most diverse dedicated fleets in the United States. Their logistics experts work with clients to improve transportation network visibility, increase fleet utilization, drive efficiency, and reduce cost by developing and implementing customized transportation solutions that best fit their needs. With operations throughout the United States and Puerto Rico, Cardinal employs more than 4,000 drivers, and remains dedicated to being the most trusted logistics and transportation solutions leader in the industry.

The deal Corcentric designed helped Cardinal save eight cents per mile on maintenance costs alone. At 100,000 miles per unit, that translates to a savings of \$8,000 per unit.

Since 2004, Cardinal has turned to Corcentric for help in running a lean, cost-effective organization, including services such as remarketing, leasing, and procurement. Then, in 2013, Cardinal experienced a monumental change: the company merged with Greatwide Logistics Services, and suddenly became responsible for managing nearly triple the amount of equipment. While that meant some growing pains for the team at Cardinal, it also presented the company with opportunities for enhanced efficiency and cost savings. To make the most of this situation, Cardinal chose their trusted partner, Corcentric, to assist them in identifying the right strategies for leveraging this growth.

THE EXPERIENCE

It's important to note that in addition to using Corcentric's services, Cardinal regularly taps into its consultative expertise to explore and analyze new market opportunities. After the merger, a series of conversations about the used truck marketplace led Cardinal to look closely at a group of 79 tractors that were not nearing the end of their lease.

The combination of higher interest rates from several years ago and low mileage meant that Cardinal was paying more for older units than it would for new units, and missing out on very favorable selling opportunities in the used truck marketplace.

When Cardinal started factoring in the maintenance costs of the older units, it realized the potential savings could be even higher. Cardinal asked Corcentric to analyze its fleet—from mileage to fuel economy to lender payouts—and assess the opportunity. With access to comprehensive, industry-wide benchmark data, Corcentric was able to run a deeper analysis of all the variable expenses, verify Cardinal's assumption that it could improve its fleet planning, and quantify the potential savings with pinpoint accuracy.

Key Highlights

100k
miles per unit

8¢
cents per mile saved

\$8k
savings per unit

"It's just hard work, knowledge and great mathematical tools on their part," says Tom Toton, former Senior Vice President of Finance & Treasurer for Cardinal Logistics. "It's the epitome of partnership at its best."

In addition to providing the company with critical market intelligence, the partnership enabled Cardinal to benefit from the collective buying power of Corcentric's 800,000 vehicle network. Corcentric was able to arrange a vehicle replacement a couple of years before the lease actually expired and at the point where Cardinal saved the most money, as well as sell the old units and generate a gain on sale for Cardinal.

THE FUTURE

While tripling in size comes with challenges, it also means that small improvements can yield big profits. The deal Corcentric designed helped Cardinal save eight cents per mile on maintenance costs alone. At 100,000 miles per unit, that translates to a savings of \$8,000 per unit.

"We formulated this together and created a plan where everybody wins," says Toton. "The vendor wins, Corcentric wins, and Cardinal wins with new trucks, fewer miles per gallon, lower payments, and reduced maintenance costs. We created a win-win-win by utilizing Corcentric's expertise and customer-driven solutions, which saves about \$1 million."

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Cost management will continue to be a focus area as Cardinal's operations increase in size and complexity. But for Cardinal, the value of the relationship with Corcentric goes beyond dollar savings, enabling the company to stay a step ahead in a fast-moving and competitive market. Through day-to-day collaboration and special events such as the Corcentric Symposium, Cardinal gains a window into the future of transportation.

"The Corcentric team understands our industry," Toton says. "They are very smart, and they understand our business model. They're our ears to the ground when it comes to the rest of the world and the new ideas that are emerging—not just within our industry, but where other industries are impacting transportation."



Procurement and Finance Solutions

ABOUT CORCENTRIC

Corcentric is a leading provider of source-to-pay services and solutions for businesses in the United States and Europe that optimize how they purchase, pay, and get paid. Corcentric's procurement, accounts payable, and accounts receivable solutions empower companies to spend smarter, optimize cash flow, and drive profitability. Since 1996, more than 6,000 customers from the middle market to the Fortune 1000 have used Corcentric to reduce costs and improve working capital. Learn more at [corcentric.com](https://www.corcentric.com).