MasterBrand Cabinets Improves its Transportation Efficiency

by Lauren Bossers

MasterBrand Cabinets, Inc., the second-largest North American manufacturer of kitchen and bath cabinetry, strives to be a one-stop shop for its customers. The company provides a broad product line with an emphasis on high quality—not just in the product itself, but also in the services that go with it. With 95 percent of its cabinets made to order, MasterBrand seeks to differentiate itself by establishing customer intimacy. This goal, however, had been partially impeded by the company's highly manual transportation management processes.

"We had grown rapidly through acquisition, and at the time, the housing market was booming," says Shelly Hedinger, MasterBrand's Logistics Systems Administrator. "Because our transportation processes were largely manual, all we could do to address our growth was to throw more people at it."

Manual processes limited visibility

While MasterBrand's transportation spend across all of its business units was in the nine figures, the only way it could accurately be measured was through its third-party freight payment provider. This meant MasterBrand was always 30-45 days behind in measuring its actual spend, and had to continually clean up its financial statements as payment information became available.

"There were a lot of questions around what our spend would be, and what our costs were, but no one could answer them because there was no tracking," Hedinger says. "The visibility was very poor because everything was delayed and manual."

MasterBrand executives knew that automating their transportation management processes would provide the increased visibility and information they needed to better serve their customers—big box retailers, dealers, wholesalers and builders, as well as the end consumer.

"We needed to better understand the cause-and-effect relationships in our transportation processes," says Chris Cuda, MasterBrand's vice president, Logistics. "We were looking for more timely data, and an ability to understand the impact that modifications or adjustments would have on our bottom line and our customers. We were looking for a system that could build really great routes, but information was the number one driver."

Finding the right transportation solution

Gartner provided a list of the top six transportation management solution providers, all of whom received an RFQ and an initial interview with MasterBrand. Three solutions providers made the short list, and they were brought on site with MasterBrand to conduct demos with real data.

"We were looking for someone that could handle cross-divisional optimization and automation of load tendering and scheduling," Hedinger says. "We sent the short-listed vendors a typical week of data, and had them process it and show us the outcomes and functionality of their solutions."

MasterBrand had additional complexity surrounding its transportation functions that the potential solutions providers had to tackle. The cabinet manufacturer designs each truck shipment before the plant actually manufactures it. The plant then "builds" the truck, in load-stop order.

"Because we plan our trucks upfront, it's a different transportation model," Hedinger says. "We have to work around plant capacities and constraints. We needed someone who had the flexibility to incorporate that model."

Through its diligent selection process, MasterBrand found that i2 solutions offered inherent flexibility and configurability to meet its requirements. Another deciding factor was i2's hosted transportation management solution, i2 FreightMatrix. FreightMatrix enables companies to rapidly deploy i2 Transportation Management solutions while lowering the total cost of ownership and accelerating the time to value compared with traditional software deployment methodologies. FreightMatrix also eliminates the requirement to invest heavily in ongoing infrastructure management and maintenance.

"We knew that FreightMatrix would speed our implementation, and it was advantageous from a cost perspective because we wouldn't need to hire personnel and implement hardware," Cuda says. "It allowed us to take advantage of the i2 resources, knowledge set and implementation process."

Enabling transportation visibility and efficiency

Using FreightMatrix, MasterBrand implemented i2 Transportation Manager and i2 Transportation Planner. The system was ready to receive order data within six weeks of the commencement of the project.

New shipments are stored in Transportation Manager until they meet the required selection criteria for planning. Once selected, they are sent to Transportation Planner, which produces an optimal transportation plan, based on actual network costs and constraints, and generates the loads for production that day. MasterBrand's schedulers look at that data to ensure that all planned orders are on loads and that customers' expectations on delivery will be met. The final plan is then sent to manufacturing, which starts the production process, and is also confirmed within Transportation Manager to start the electronic tendering process. Loads are tendered to one of MasterBrand's multi-stop truckload carriers, who also provide EDI (electronic data interchange) status updates until final deliveries are confirmed. At that point, reports are created in Transportation Manager, to monitor and measure delivery performance by carrier and customer.

"Our new system is worlds apart from our old manual processes," Hedinger says. "Because we didn't have a way to measure before, we just said, 'Stuff the truck full.' We have found that isn't the best measurement. We're very comfortable with the routes we get, we feel we're meeting our carriers' expectations and we can give out information that's accurate to our customers. Our carriers are much more responsive now that we're measuring them, and we're receiving fewer customer service calls."

Value realized

MasterBrand's implementation of i2 solutions has also enabled the company to weather the recent downturn in the housing market by delivering a positive financial impact to the bottom line.

"Through statistical analysis, we've found that even as our order volumes decrease, we're still able to maintain our transportation cost per unit in our business units where we have implemented Transportation Manager," Cuda says. "Though we've seen more trucks with lighter loads in some instances, our costs have not gone up with the number of trucks. We're in a strong cost-savings mode, and i2 solutions give us a tool to better position ourselves for success in this dramatic business downturn."

The cabinet manufacturer attributes much of its success to the FreightMatrix hosted model, which has provided a strong, knowledgeable team that MasterBrands utilizes regularly.

"We view FreightMatrix as an extension of our own team," Cuda says. "We're excited because we just completed a total system upgrade with no lost production issues, because we have the FreightMatrix resources. We love the hosted model because it enables us to keep our IT folks focused on what they do best, and outsource the processes that i2 does best."

At a Glance

Company name: MasterBrand Cabinets, Inc.
Headquarters: Jasper, Indiana
Products: Kitchen and bath cabinetry
Annual sales: $732.1 million
Employees: 11,000

Operations:
MasterBrand Cabinets is one of the world's largest cabinetry manufacturers (No. 2 in North America), selling its products through home centers, lumber outlets, and specialty retailers.
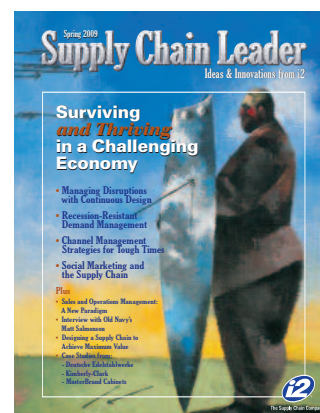
Objectives:
- Gain ability to accurately measure transportation spend
- Improve ability to understand cause-and-effect relationships in transportation processes
- Improve transportation route design

Key solutions:
- i2 FreightMatrix
- i2 Transportation Management
- i2 Transportation Planner

Results:
- Maintained transportation cost per unit, even when order volume decreases
- Completed a total system upgrade with no lost production
- Reduced customer service calls
- Increased efficiency of logistics team