



Echo partnership is just the right fit for auto parts distributor

The third time was the charm for automotive parts distributor LKQ Corp. when it came to finding a logistics partner that understood its unique needs.

Founded in 1998, the Chicago-based, publicly traded company serves tens of thousands of dealerships and repair shops from its 325 North American locations. LKQ partnered with two logistics providers previously, but neither was the right fit for the business' increasingly complex logistics structure.

In January 2008, LKQ finally found the partner it was looking for — Echo Global Logistics Inc., a premier provider of technology-enabled logistics services.

LKQ gave Echo a list of areas that needed improvement, including maximizing the value of each shipment, communicating logistics information across the company more effectively and streamlining back-end functions. By designing one-of-a-kind solutions to meet the company's needs, Echo made the auto parts distributor's logistics system more intuitive and efficient while also slashing costs.

"Echo offered customizations that other companies hadn't," says Mike Lahr, director of logistics for LKQ. "That made a tremendous amount of difference to us."

Streamlined shipping

Using its proprietary Evolved Transportation Management™ (ETM) technology platform, Echo developed a customized system that enabled LKQ's local facility managers to choose from a handful of prescreened carriers for each shipment. Before Echo partnered with LKQ, managers at many of the auto parts distributor's locations chose their own carriers individually, sometimes resulting in subpar service. The company wanted to scale back and use just a few high-quality carriers, but was wary of requiring locations to use a one-size-fits-all carrier that might be too expensive or too slow.

Sales personnel now see the cost and delivery time for each carrier, giving them the choice between quicker options for urgent shipments and more economical options for low-priority orders. To ensure that carriers continue to meet the highest standards, Echo developed carrier scorecards and created quarterly reviews for its carrier pool.

The customized ETM system has transformed LKQ's shipping. Since partnering with Echo, the company has decreased average transit times for packages by a day and a half while also drastically reducing the number of claims filed for missing or damaged shipments. Echo has also

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leveraged LKQ's total shipping volume, along with its own volume, to pass along significant cost savings — savings that the company wasn't getting through its previous fragmented system.

Shedding new light

Echo also developed informative reports for LKQ to better communicate important details to employees and shed light on overall logistics performance.

Sales personnel at LKQ's local facilities now turn daily to the "My Reports" tool, which uses data collected through Echo's ETM system, to provide customized, location-specific reports on shipments. The reports enable the auto parts distributor's local salespeople to identify delivery times, contents and carriers for scheduled shipments, eliminating any confusion about daily pickups and drop-offs.

"It's one of the best tools that Echo offers," Lahr says. "There used to be a lot of time-consuming dialogue between our shipping and our salespeople, and that has almost disappeared."

Echo's easy-to-access electronic reports for LKQ have continued to evolve with the business' needs. One especially helpful report organizes shipments by cost and puts that data next to the number of days a package was in transit, allowing LKQ to judge the value it receives with each shipment.

"That report helps us identify problem areas and fix them," Lahr says. "Echo is very proactive about creating software and reports to meet our specific needs."

Better back-end operations

In addition to improving shipping processes, Echo streamlined and improved LKQ's back-end operations, enabling the company to focus on more pressing matters. Before Echo stepped in, invoices from carriers were going to LKQ locations

all over North America. Putting all of the auto parts distributor's carriers on one transportation management system allowed Echo to provide consolidated, standardized invoices to LKQ's corporate headquarters.

"The billing is simpler and easier to read," Lahr says. "They're customizing the load entry around just what we need."

Echo also established a dedicated team of call center workers to handle LKQ's accounting and dispatch issues and claims management, which lightened the company's load and improved back-end functions. Under the business' previous claims system, for example, carriers paid 10 cents a pound for damaged shipments, even if the value was much higher. With Echo overseeing the claims, LKQ receives full reimbursement for any damaged items.

Continued growth together

As LKQ grows, Echo continues to work closely with the company to make new ventures as seamless as possible. For example, when LKQ bought Greenleaf Automotive, Echo brought Greenleaf's 15 facilities onto the ETM system within two weeks.

The difference Echo has made in LKQ's operations is apparent in the company's bottom line. Since partnering with Echo, the business has shaved 13 percent from the cost of its less-than-truckload shipments, even as its total revenue has grown more than 25 percent. Beyond cost, though, Echo's influence is also apparent in other ways. In 2010, **Fleet Financials** magazine recognized Lahr as "Fleet Executive of the Year," an honor he says Echo helped him achieve.

"If we have any regrets, it's that we didn't start sooner with Echo," Lahr says. "Their company and their people are exceptional, and easy and fun to do business with. It's a true partnership."