

VELOCITY VIDEO CASE HISTORY A DC VELOCITY SPEED CHALLENGE



Superior transportation care for heating and air

Ruan delivers economic and service value through freight consolidation and dedicated fleet solutions for Daikin, the world's largest HVAC manufacturer.

Transportation management can be very complex. Having an expert partner to manage transportation and logistics allows manufacturers to focus on products, customers, and core aspects of their businesses.

Daikin is the world's top manufacturer of heating, ventilation, and air conditioning (HVAC) systems. Their units can be found in the world's largest buildings. As it did for many companies, the COVID era upended business-as-usual for Daikin.

"The past several years in particular have been some of the most difficult in the last 30 or 40 years in these markets," said Ed Blackford, vice president of logistics for Daikin Applied Americas. "We didn't have the cooperation and the collaboration that we needed to navigate this market, which changes regularly. We wanted a business partner that understands what's important to us and tells us what we need to do."

For Daikin, that ideal partner is Ruan.

"Ruan creates custom logistics solutions to help our customers manage their supply chains," said Paul Jensen, Ruan's senior vice president of Supply Chain Solutions. "We have four primary capabilities—Dedicated Contract Transportation, Value-added Warehousing, Managed Transportation, and Brokerage Support Services."

Ruan now manages the transportation of inbound raw materials to Daikin's factories in Minnesota, Ohio, Virginia, Arizona, and Mexico and outbound loads of HVAC finished goods to construction sites around the continent. Working with Ruan provides Daikin better end-to-end visibility into the entire shipping experience.

"We can clearly communicate to the customer what is going to happen with respect to our on-time delivery, proper securement, and damage-free transit, and we have confidence that the customer received the goods in the same condition they were in when they left our factory," Blackford said.

As with every good partnership, Daikin and Ruan soon discovered other opportunities for efficiency and savings.

"Daikin has done a really good job in challenging Ruan with innovation," said Brett Schlegel, Ruan's vice president of operations for Managed Transportation. "It's more than just moving freight. How do we add value that creates a [better] long-term customer experience and improves overall solutions for Daikin—not just transportation, but their overall business?"

PARTNERS IN INNOVATION

To improve service and assure capacity, Ruan added a dedicated fleet of 26 trucks manned by Ruan drivers. The solution uses Conestoga trailers with fabric roofs that peel back to allow for easy loading while protecting the HVAC units during transport. The fabric is branded prominently with Daikin's logo for quick recognition when the trucks pull up to job sites.

As Ruan's understanding of Daikin's business grew, the dedicated logistics provider realized an opportunity to better consolidate freight to achieve economic savings and supply chain efficiency. Ruan conducted an optimization study

and recommended three- to five-day consolidation periods, but Daikin lacked space to stage HVAC units until they could be consolidated.

"Daikin saw the transportation ROI and invested in the yard space at every facility so that they're able to hold product for up to five days. This allows our transportation planning team to optimize their freight to make the best loads. It's created better visibility and a better customer experience for Daikin," Schlegel said.

"We're thrilled with the initial results," said Blackford. "We've had basically no damage in transit. The brand name recognition when we arrive at the job site has been terrific. The drivers get to know us and they get to know our customers, and that has been critically important as we expect to deliver an unrivaled customer experience. Daikin is already the world's largest HVAC supplier, but to become number one in North America, we need to partner with other number one firms—and Ruan is that number one for us."



To see a video of Daikin's manufacturing facility in Faribault, Minnesota, go to dcvttv.com and click on Channel 2. For more information on Ruan, go to www.ruan.com.

