



CASE STUDY

MANAGED LOGISTICS PROGRAMS RESULTS IN COST SAVINGS

RLS Accelefrate® MTS Program Achieves
Saving for a Shipping Manufacturer

BACKGROUND



A leading frozen food manufacturer has been a valued client of RLS' Freight Consolidation business unit for over 20 years. During their annual business review, both companies explored opportunities to enhance the efficiency of the Customer's supply chain to control costs. It became evident that the Customer was an ideal candidate for RLS's Accelefrate® Managed Transportation Solutions (MTS) Program.



CHALLENGES

AT A GLANCE

The Customer had a rich heritage of producing top-quality frozen foods, following time-honored standards and recipes. Their frozen products were well received by both large and small food service companies and retail chains. They had recently been awarded a large contract from a large retailer.

The complexity of their supply chain has always posed a challenge, especially when transporting frozen goods. The pressure to meet strict delivery deadlines for high-profile clients also added to the demands. The Customer faced the ongoing challenge of producing sufficient products while adhering to rigorous food safety standards and several raw material suppliers.

Although their logistics had evolved over the years to meet their requirements, the company had grown to the point where their current process could not keep up with changing requirements. RLS recognized the opportunity to generate substantial savings on inbound and outbound distribution by looking at the network holistically and using advanced technology. However, achieving this goal would not be without its difficulties. The team encountered three major challenges.



CHALLENGES

1. HANDLING LOGISTICS IN-HOUSE VS. AN EXTERNAL PARTNERSHIP

The Customer had traditionally handled their freight coordination and routing, despite needing a technology infrastructure to be in the distribution business. Routing, freight tendering, tracking and tracing, and freight bill auditing were all done manually. Order changes were common, and routes were frequently altered last minute, creating inefficiencies and redundancy.

The customer realized there would need to be a significant capital expenditure on a transportation management system to keep up with the growth. Their core competency lies in frozen food manufacturing. It was not a criticism of their capabilities but rather a recognition that they lacked the logistics knowledge, experience, network, and technology that RLS possesses.

2. NATIONAL SCALABILITY

The Customer rapidly expanded its national presence, necessitating a more comprehensive supply chain approach. They needed a cold chain specialist to analyze their network holistically to identify inefficiencies and areas of improvement.

Raw material inventory was stored at several locations, making it challenging to manage inbound plant support. There was no inventory deployment strategy to support future growth.

Additionally, their agreements did not address the need for more space to support inventory growth, if there was a written agreement at all. They were constantly told no when trying to bring in more inventory to support the increase in production.

CHALLENGES

3. MEETING ON TIME IN FULL REQUIREMENTS

As the receivers became increasingly demanding, delivering orders on time (neither early nor late) became an issue. The world's largest retailer introduced a new program called On-Time and in Full (OTIF), making it imperative to meet or surpass the on-time and complete delivery goals, both from a customer service and cost perspective. Consistent changes to orders and routes made it difficult to adhere to any schedule. Drivers began refusing loads due to the changes, resulting in a bottleneck and multiple touches at the warehouse.



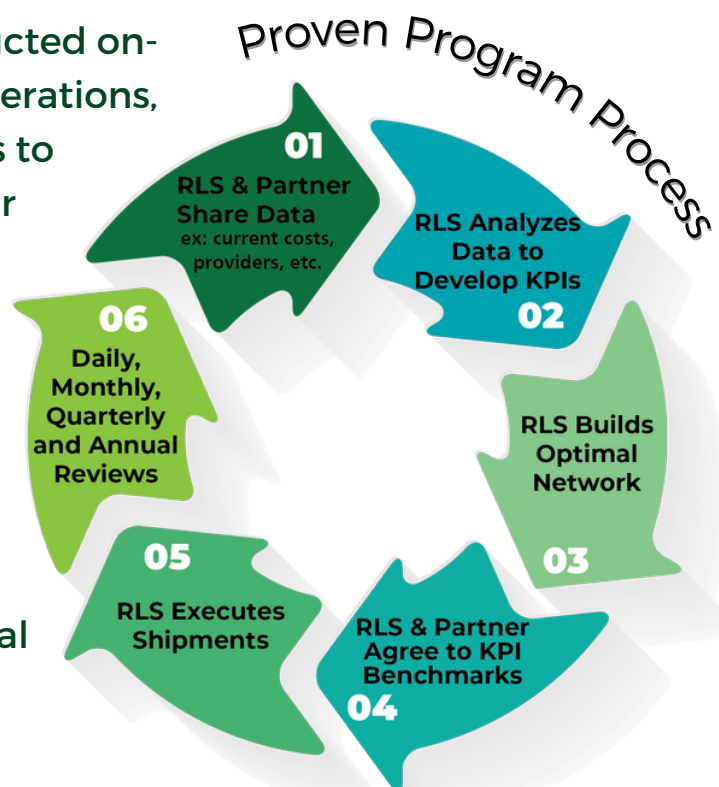
SOLUTIONS

The good news for the Customer was that RLS, The Cold Chain Experts, excelled in managing inbound and outbound transportation using multiple solutions, modes, and the right technology. RLS' Managed Transportation Solutions presented the ideal answer to overcome the challenges faced by the Customer.

FEATURED SERVICE: ACCELEFRATE® MANAGED TRANSPORTATION SOLUTIONS

The Accelefrate® MTS program was designed to offer customers the benefit of significantly reduced transportation costs while dealing with a single accountability partner. Under this program, customers entrust their freight to RLS. Using proprietary technology and proven processes, orders are electronically sent into our TMS, where a team of dedicated Account Managers routs the shipments to retail, food service, and club-store distribution centers across the U.S. KPIs are agreed upon and measured in real time. Through RLS' technology platform, anello, we know the score in real time. Because we are family owned, we are nimble and flexible to make adjustments quickly.

Following a thorough analysis conducted on-site and off-site at the Customer's operations, the RLS team identified several areas to significantly reduce costs within their supply chain. This involved assessing which orders should be shipped as less-than-truckload (LTL), truckload, truckload with stop-offs, or intermodal. RLS successfully implemented the program across the Customer's entire supply chain network within a month, a substantial undertaking.





SOLUTIONS

However, this was just the beginning since the approach was holistic. An analysis was needed to examine not only their outbound orders but also their inbound orders. Transportation lanes were identified where we could close the loop and offer backhauls to improve efficiency. By converting most inbound lanes from Free on Board (FOB) to Customer Pick-Up (CPU), savings and opportunities for improvement presented themselves.

The goal was to achieve a win-win-win situation for everyone involved, with significantly reduced transportation spending as the result. Additional cost savings were identified by relocating raw materials to an RLS Logistics cold storage near the supplier or plant.

Doing so resulted in cost savings in inventory shuttles, storage, handling, and more flexibility, allowing us to backhaul trucks directly to the plant. We created a solution that offered additional storage capacity if needed.

Saving money was not the sole focus; maintaining product quality and improving on-time pickup and on-time delivery was equally important to the Customer. Adhering to a defined, day-specific delivery schedule and implementing those rules in our TMS improved on-time delivery by over 20%. This resulted in significant savings from penalties and fines that can add up and are rarely budgeted.

As the Customer continues to expand its presence on the West Coast, RLS stands ready with its cold storage network. Forward deployment of inventory is a sound strategy that brings the product closer to the Customer, resulting in reduced lead times, reduced transportation costs, and growth opportunities.

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RESULTS

The achieved cost savings surpassed the initial forecasts by over 24% by implementing RLS's Accelefrate® MTS program and adopting an integrated, holistic approach. Crucially, these savings were accomplished without compromising the Customer's exceptional service standards and reputation. It has allowed the Customer to focus on manufacturing, its core competence, and growth without extensive capital investment.

As a result, the Customer has realized year-over-year sales growth of over 20%. Additionally, the Customer was able to save money on inventory carrying costs by bundling services with one provider.

Consolidating transportation services with RLS and expanding services in RLS cold storage network has also enhanced the Customer's competitive advantage by relieving them of day-to-day logistics management. By fully integrating into the Customer's operations, our team of cold chain experts constantly reviews new strategies to ensure supply chain costs remain in line. RLS does what its core competence is and allows the Customer to focus on growing their business.

CONCLUSION



Finding the right logistics partner isn't easy, but there are many benefits when you find the right partner that can align and scale with your business.

PROGRAM BENEFITS:

- Assigned Team of Cold Chain Experts
- Access to RLS' Buying Power
- No Capital Outlay
- Endless Scalability
- Free Up Your Time
- Leverage RLS Carrier Network
- Data Driven Analytics and Technology
- Trusted Accountability Partner
- Reap the Benefit of RLS' Menu of Services
- Cost Savings
- Service Improvements
- Focus on Core Competencies

ABOUT US:

RLS Logistics is a family-owned company that was founded in 1968 that specializes in cold chain solutions including LTL and FTL transportation, warehousing, and eCommerce fulfillment. All RLS temperature controlled operations are GFSI certified for storage and distribution by the British Retail Consortium Global Standard (BRCGS) and comply with all government and USDA regulations. For more information, visit www.rlslogistics.com.



COLD CHAIN EXPERTS.®