

## 3PL Links Case Study: Food & Dairy

### Getting to Know You

Working with world-renowned multinational companies is always a privilege. Since 2010, 3PL Links has been working with a prominent dairy company with operations in Europe, Latin America, North America, Australia, China and South Africa. With over 100 years of brand heritage in the Canadian dairy industry, our customer is committed to the health and wellness of Canadians and markets a variety of high-quality food products under multiple brands.

Like many companies during the “great recession,” ours had a global mandate to cut costs to help strengthen their business. Their corporate office required that their Canadian operation cut costs by approximately 5%. At the heart of the mandate was a need to resolve issues related to their current logistics solution. Realizing that refocusing and restructuring a \$5 Million outbound spend could take an immense amount of resources; they opted for an alternative approach.

### Looking For the Perfect Match

In 2010, our customer started their search for assistance in reviewing their logistics solution. In order to achieve their mandate they had to partner with a company that could provide:

- True turnkey solutions
- Capability to integrate seamlessly with their ERP system and existing logistics division.
- Extensive experience within the Dairy industry with specific equipment, coverage capabilities and industry knowledge.



These demands raised many questions as to who should help our customer in their development phase of a logistics solution that would bring them into a new era. There are many 3PL companies with experience in the food and beverage industry. In fact, since the 1980s the number of 3PL companies has steadily increased.

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From those many 3PL companies, our customer had the option to select an asset based or non-asset based company. Needless to say, the selection process was daunting. In the end, our customer needed a company that was flexible and robust enough to grow with their needs, a company whose only business interest is to truly understand their clients in order to provide them with time and cost efficiencies that reduce operational costs while maintaining or improving service levels.

## Bringing Value and Savings Through Partnership

In the summer of 2010, 3PL Links was selected as the preferred vendor to provide complete turnkey logistic services. Our customer valued 3PL Links' single-source integrated service approach which included a dedicated Account Manager, Customer Service Representative, Pricing Analyst and Dispatch Manager. Our customer also valued 3PL Links' consultative approach that illuminated other aspects of their supply chain in which cost could be cut. 3PL Links' local service team started the analysis in 2010. Further to the above, 3PL Links worked efficiently to integrate with the customer's existing analysts. Working together, the two companies reviewed 12 months' worth of existing transportation spend data. Within a short time, the two partners performed a complete review on the \$5 Million outbound spend.

## Mixing the Modes of Transportation

The first lane 3PL Links investigated was our customers' shipments from their Ontario Distribution Centres to their customers in Western Canada. The 3PL Links analysis found the customer was experiencing average lead times, but regular delays and inconsistent service. 3PL Links introduced various modes of transportation into their solution. Although some of these modes increased lead times slightly, they reduced the western outbound spend by 17%; more than enough to justify switching modes. 3PL Links also eased this transition by helping to plan ahead in regards to forecasting with the increased lead times.



In addition to the immediate fiscal benefits the customer witnessed with the introduction of various modes of transportation, they found comfort in the fact that it had eliminated potential risks and volatility that can and did arise within their previous solution. Issues such as driver shortages, fluctuating fuel prices, and the

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implementation of new government policies that restrict hours of service on the road have all shown to increase risk and costs. The new solution mitigated or eliminated all these issues from the minds of the customer.

## Leveraging 3PL Links' LTL Partners

The customer's LTL shipments encompassed various demands, deriving from temperature controls to unique product dimensions. Given these demands, and their current vendor's excellent track record and reliability they requested that they stay with that current service provider. To the customer's advantage, their current vendor was a long time valued partner of 3PL Links. Through this partnership 3PL Links was able to renegotiate the existing LTL agreement on behalf of the customer and save them 7% on their overall spend.

## Auditing

With the right group of partners in place to handle the customer's transportation, 3PL Links then endeavored to uncover even more opportunities for savings and increased efficiencies. This was done through 3PL Links' proprietary freight and vendor auditing system. Even with the right partners and contractual rate agreements in place, it is still crucial to ensure that the actual costs match the projected costs. This entails the daunting task of comparing all invoices and bills of lading against their respective rate agreements. Luckily for the customer, 3PL Links' system is built for just this purpose, and was able to accomplish this task while integrating seamlessly with the customer's existing ERP system.



Using SAP for their Supply Chain Management (SCM) and Supplier Relationship Management (SRM) systems, they were able to maintain their existing software systems thanks to the wide EDI compatibility of the 3PL Links system. When the system was implemented, the customer and 3PL Links worked together to establish all relevant KPI's, acceptable variances and desired reporting functions. The 3PL Links system allows for ad-hoc, completely customizable reporting on any aspect of bills.

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Thanks to this system, our customer no longer has to spend valuable time and money on their own freight analysis. They receive a vast amount of business intelligence through weekly management reports, on-time reports, dispute resolution reports, accessorial reports and any other reports that they need to effectively analyze and forecast for their business. This process has also streamlined the accounting process. If an invoice is sent with no bill of lading, or it is outside of the acceptable variance in price, it automatically goes into a “dispute bucket”. From here, carriers are automatically notified and can then log in and resolve the issue from their end. This eliminates the need for the customer’s accounting department to take the time to call the carriers themselves. Furthermore, this system allows for analysis of specific distribution centres, helping them to see their supply chain strengths and weaknesses on both the micro and macro levels.

Previously, most of the business that our customer has given to 3PL Links to audit has been their outbound data. However, due to the overwhelming success our customer witnessed with their outbound data, they are currently working with 3PL Links to establish the framework to audit their inbound data as well. This will strengthen the relationship between these two great companies, and expand 3PL Links’ position as an invaluable extension of our customer’s team.

## We Understand

Ultimately, unique concerns exist for a companies with service requirements as complex as our customer’s. They need to know that any 3PL with which they partner truly understands their business. They need to know that their solution will have the right equipment, in the right place, at the right time. Also, that there will be enough of that equipment available to handle not just their programmatic volumes but also their spot volumes as they might need. To ensure this uncompromising level of service, 3PL links utilized a complex statistical analysis of all relevant carriers, as well as leveraging their relationships with the presidents and owners of the carriers. More than this, 3PL Links used their knowledge and understanding of the customer; their philosophies, practices, and people. Through years of collaboration and teamwork, 3PL Links and their customer have developed and grown alongside one another. This closeness is something 3PL Links strives for with all clients, big and small.



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