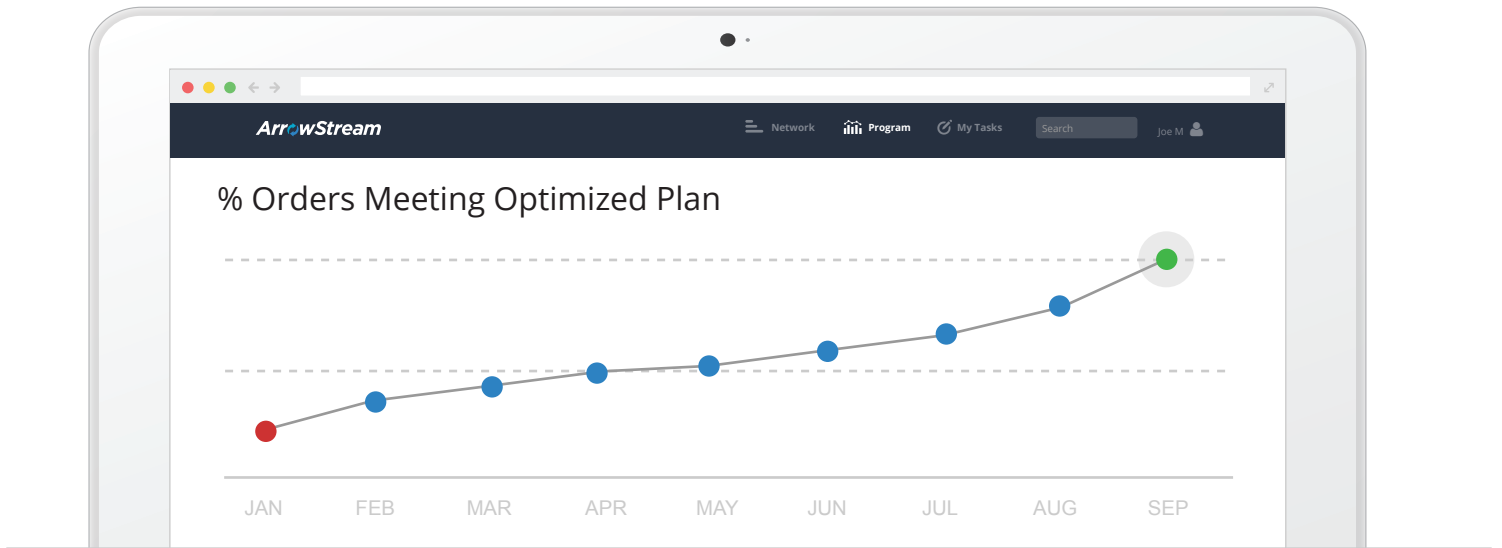




TACKLING A TEXAS-SIZED FREIGHT COST CHALLENGE

How Ben E. Keith Bridged the Technology Gap Between Purchasing and Transportation to Raise the Standard for Inbound Freight Savings



Texas-based Ben E. Keith has food distribution down to a science. As the eighth largest food-service distributor in the United States, Ben E. Keith manages the flow of products from thousands of suppliers into eight distribution centers, to supply restaurants and foodservice operations across twelve states.

In business for over 110 years, Ben E. Keith is known for the way they have built success: through time-tested best practices, evolved by a team with remarkably deep experience and adopted with great consistency across their organization. They are selective about changing their core practices, but when they do, they are all in. It has made them both predictable and progressive – a compelling combination for their customers.

The Challenge

The logistics team at Ben E. Keith knew that it was time to consider a change. Inbound freight costs were too volatile, and creating too much unpredictability in their overall margins. They were paying the price that many distribution companies pay to remain highly responsive to customer demands: a costly loss of efficiency in logistics. Simply, the trucks inbound to each distribution center could not be reliably filled to capacity, and that meant a higher freight

cost for each case shipped.

“We didn’t accept the idea that this was a choice between service and cost”, said Andy McCaskill, SVP of Purchasing and Logistics. “There had to be a way to gain more control over freight efficiency while remaining highly responsive to our customers.”

The team sought ways to increase freight consolidation, but knew that the obvious solutions were already in place. Their transportation managers had become highly accomplished in building multi-stop freight routing, aided, like many companies, by a transportation management system (TMS). However, even the most sophisticated TMS platform is limited by the orders it sees on any given day. As a result, the level of freight consolidation was unpredictable, one day filling the truck, and the next leaving empty pallet spaces.

“We had become very good at reacting to the needs of the day,” said Owen Stull, Director of Logistics at Ben E. Keith. “However, all that time and effort was still leaving us well short of where we wanted to be. We needed a way to tap into the full potential of our network. That meant flipping the model and becoming much

more proactive in planning our freight.”

If freight costs and optimal routing were more easily considered during order creation, trucks could be filled to greater capacity while still meeting customer needs. To accomplish this, Ben E. Keith needed a system and a process that would look beyond “today’s shipments,” planning order patterns up front to enable new and better consolidations.

Easier said than done. This was no longer just a freight issue – it was now a shared challenge between purchasing and logistics. Of all the processes and technologies Ben E. Keith had implemented over the years, none existed that would enable buyers and transportation planners to collaborate on reducing freight costs while protecting inventory levels.

The Solution

Ben E. Keith turned to ArrowStream, a long-time innovator in foodservice and distribution, for its unique and patented inbound logistics solution. Crossbow is the first and only software created to enable teams to

simultaneously optimize both ordering and routing patterns.

“As with many distributors, Ben E. Keith was well aware that orders could be improved to better control inbound freight costs, but they struggled to make it happen in a world where freight costs always come second to meeting immediate inventory needs,” said Bill Michalski, Chief Solutions Officer at ArrowStream. “Crossbow was built to solve this problem.”

With Crossbow Ben E. Keith could discover the mix of supplier pairings, order sizing and delivery timing that would drive the lowest possible freight cost while protecting inventory cycle times. These plans could be captured by Crossbow and utilized to provide ordering guidance to buyers.

With the plans in place, Crossbow’s real-time operations monitoring and feedback framework allowed Ben E. Keith’s purchasing, logistics, and transportation personnel to collaborate in reducing freight costs without disrupting daily operations.

“Within a few weeks we had set up specific

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Owen Stull, Director of Logistics at Ben E. Keith

plans in Crossbow for freight lanes across our network,” said Stull. “The system started measuring our adherence to those ordering and routing guidelines, the reasons for our misses, and the dollars we were leaving on the table. It brought immediate clarity to the issues we needed to address.”

Ben E. Keith utilized Crossbow’s margin management capabilities to gain awareness when falling short of financial targets, and respond by examining the shipping routes and cost drivers that were causing the biggest impact.

Creating a predictable product flow was a key enabler of success for Ben E. Keith. They leveraged Crossbow’s optimization engine to find unexpected vendor combinations that could improve overall savings, then focused on pushing more and more of their orders into repeated cycles matching those plans. Exceptions to those plans are brought to light by the software in time to adjust orders as soon as they are created.

“Our network is too large and our people too busy to have buyers and load planners searching together for every missed opportunity,” said Stull. “Crossbow now does that for us, and puts us in control of when to take action. With that immediate feedback loop we are preserving savings in our daily operation that would otherwise have been lost. Even more importantly, we are changing mindsets – you can actually measure the progress of our teams getting aligned by watching the compliance to the optimized guidelines.”

The Results

At the first two locations implemented, Ben E. Keith achieved positive ROI within the first few months. Savings were found in freight already under their management, by utilizing Crossbow in two ways: to find and implement new vendor purchasing combinations that created greater freight consolidation, and to create a feedback loop so personnel could correct course and



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become more target-driven in their decision-making.

With the data visibility and intelligence tools within Crossbow, Ben E. Keith has also dramatically reduced their time spent in conducting analysis of logistics performance and root cause investigations.

“It used to take us weeks to prepare the information that would help us set a strategic plan, and by the time it was complete the plan would be obsolete,” said Stull. “Now the information is at our fingertips. It’s difficult to overestimate what that does for our team and our business.”

Changing ingrained behaviors is never easy, but as the logistics team rolls out the program across the rest of their locations, they expect to build on their success.

“It is amazing what you can accomplish in the supply chain if you can align people and process with the right technology in achieving a common goal,” said McCaskill. “Now the technology exists to match what we always suspected was possible. We are planning for the performance we want, and thousands of purchasing and logistics decisions that are made every day are evaluated real-time against our expectations. It has changed the way we think about our business.”