



***IFMA Chain Conference  
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# Supply Chain "Taking Cost Out of System"

Chain Restaurants

Suppliers



## ITI Supply Chain Assessment

- There is substantial supply chain waste that exists in the movement of product from manufacture to the distributor in the regional/national chain restaurant channel
- This assessment is based on traditional supply chain business models, reviewing scale and average miles to get product to the chain distributor partners.
- On a national level over 70% of the orders are LTL.



## **What We Do!!!!!!!!!!!!!!**

**Operator and Supplier Supply Chain solution company.**

- 1. Supply Chain expert with a vertically integrated transportation network system.**
- 2. We Focus on Chain Restaurants exclusively.**



## *Supply Chain Solutions Operators .....*

- **Operators looking for logistic cost savings**
- **Operators expansion distribution challenges**
- **Pricing simplification requirements**
- **Supplier consolidation**
- **Product sourcing**
- **LTO**



## ***Supply Chain Solutions Operators & Suppliers .....***

- **Eliminating inefficiencies and waste in the supply chain through a collaborative efforts working with each component on getting products to the chains.**
- **Reviewing all alternative supply chain options to maximize cost savings for the chains.**

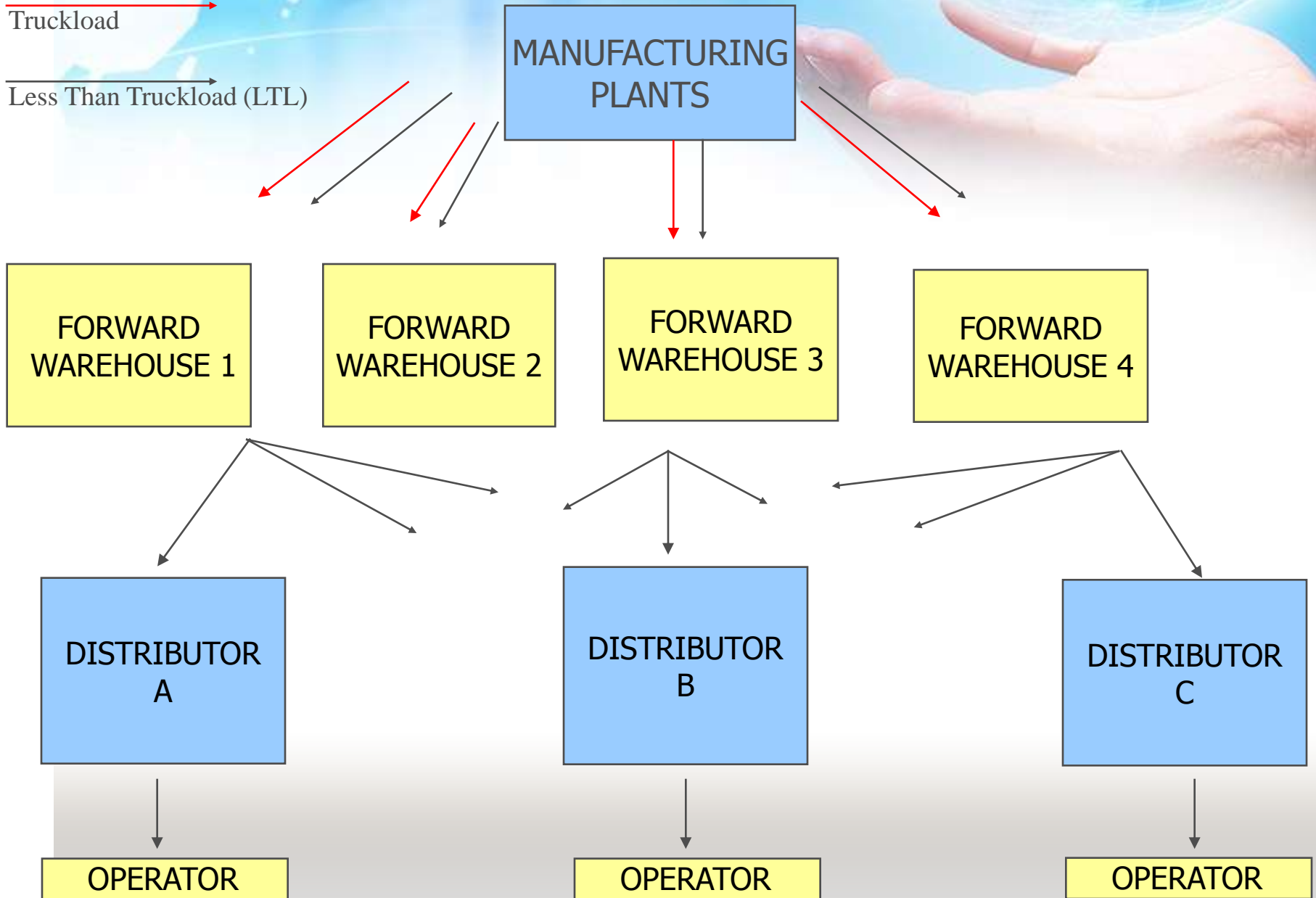
### **Cost Savings Solutions:**

- **Reduced freight miles & costs**
- **PO reductions**
- **Single source purchasing**
- **Freight cost containment**
- **Compliance issues**
- **Production scheduling optimization**

# Traditional Supplier Forward Warehouse Network

Truckload

Less Than Truckload (LTL)





## Standard Supplier “Cost To Serve” Analysis

Benchmarking LTL supplier forward warehouse cost {Pooling trucks} National Distribution

Order Management – 14%

IT, salary, benefits, orders placed, pricing, inventory order verification and order input.

Note: As you get smaller orders this cost factor is more impacted.

Example: With a 500lb order it is over 50% of the Cost To Serve

- Freight plant to Warehouse – 19%
- Freight warehouse to Customer – 44%
- Freight management cost - 01%
  - Order management time required for small orders
- Storage cost at plant & warehouse - 09%
  - Fixed cost
- Handling cost plant & warehouse -13%
  - Standard pallet & case pack time

# Cost To Serve Bench Marking

Order Bracket	Supply Chain Total Cost
PTL 40,000lbs	\$.0842lb
MTL W/H 36,000lbs	\$.1143lb
W/H 18,000lbs	\$.1218lb
W/H 10,000lbs	\$.1427lb
W/H 5,000lbs	\$.1721lb
W/H 2,500lbs	\$.1984lb
W/H 1,000lbs	\$.2602lb
W/H 500lbs	\$.6003lb

Data is based on internal ITI suppliers analysis



# Operators – Supply Chain Alternative Options Review

- Analysis with your vendors current supply chain business practice – using collaborative efforts
- During the analysis request no interruptions with programs or relationships
- Can the products shipped from manufacturing plant{s} in full truckload into the alternative Supply Chain network
- Aggregate consolidation of suppliers products and ships product to the distributors
- Shared distribution or cross dock
- Share the results utilizing the alternative supply chain options

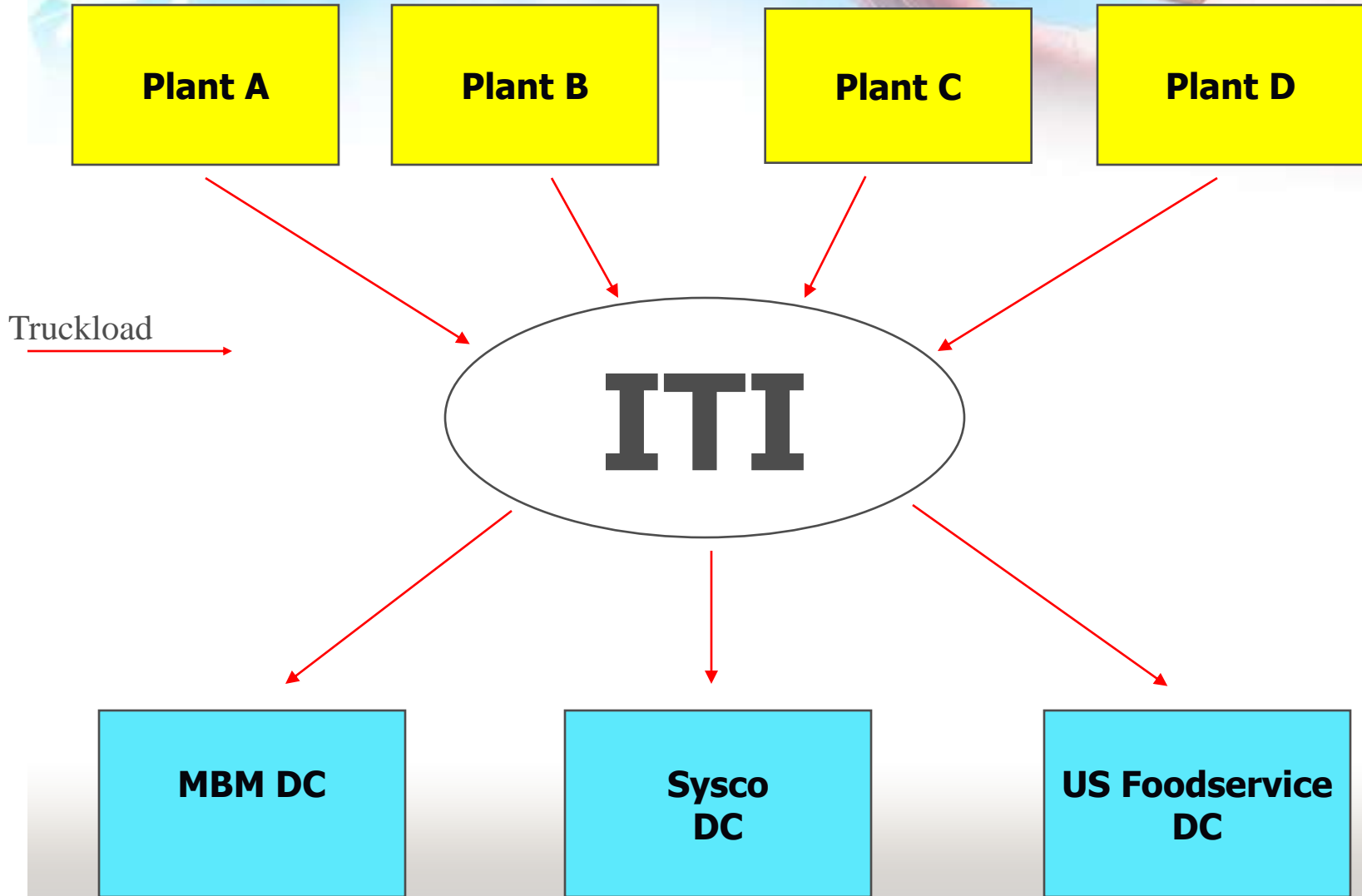


# EFR Imperatives

Applying “Efficient Foodservice Response” business practices to supply chain

- Equitable Alliances – Activity base costing how costs and revenues accrue in supply chain
- Supply Chain Forecasting – encompasses common view among trading partners, product identification, bar coding, product visibility, etc
- Electronic Commerce – reduce administrative through technology, EDI transactions, web base, etc
- Logistic Optimization – Point to Point view, other saving initiatives shared distribution, redistribution, cross-docking coordinated transportation
- Foodservice Category Management – balanced product variety, product deletions, new products, ski rationalization, centralized conversion

# *New Option* Supply Chain Network Applying Best Practices & Consolidating Products





# Questions & Answers