



## Premium Specialty Food Maker 3PL Sourcing and Distribution Optimization

### Highlights



- Defined business requirements and developed a comprehensive Request for Proposal to source an exceptional logistics partner
- Projected transportation savings between 15-25%
- Reduced delivery cost from almost 17 cents per pound to between 10-12 cents per pound
- Established partnership with 3PL provider with strategic distribution capabilities and food quality expertise

**The Challenge:** A top brand of premium fresh foods engaged Spinnaker to help with expansion and optimization of their distribution footprint to support astonishing growth. A high-growth startup, the company has become a household name in much of the country in just a few short years. The client expects to double their sales in the upcoming year and triple their sales the following year, but these rapid growth prospects presented significant new supply chain challenges. As the customer base expanded and sales increased, transportation costs and delivery lead time skyrocketed. In addition, the client's booming business is built on a reputation for quality. Product distribution is challenging because it has a short shelf life and must be transported in precisely controlled refrigerated environments. Insistence on excellent product quality is a key brand differentiator, so monitoring and maintaining environmental quality is essential.

**The Solution:** Originally, the client was simply looking for an East Coast logistics solution to enable its expansion. The client produces and distributes from a single facility in the central United States to its entire customer base. After assessing the client's business strategy, Spinnaker

recommended outsourcing *all* logistics services in an integrated manner. The client's growth objectives were best served by focusing on producing great quality product and leaving the logistics to a strategic partner. The client looked to Spinnaker to help find the ideal Third Party Logistics (3PL) partner to manage their outbound logistics and implement an efficient distribution strategy that would scale with their rapidly expanding business. While clearly focused on end-

to-end environmental quality for their premium product, the client also wanted to understand the economic contrast between their current practices and best-in-class logistics performance.

To address these objectives, Spinnaker analyzed the client's existing network, customer, and product requirements and developed projections of future logistics operating levels. Food safety and quality were codified and related controls and information requirements were defined. With these requirements in mind, the team developed a comprehensive operating profile that detailed the client's distribution, product quality, and service requirements for a carefully planned sourcing process.

Based on such key requirements, Spinnaker identified several potential providers that received and responded to an initial Request for Information (RFI). These providers were then pared down to a few candidates that received a detailed Request for Proposal (RFP). Spinnaker worked closely with these candidates to provide RFP clarifications and to coach them on the desired responses, with the intent of giving all potential providers as much information and insight as possible so that they could respond effectively and accurately. Spinnaker also generated additional data and visualizations such as customer maps with location densities and volumes to provide useful context and to indicate the expected quality and completeness of competitive responses.

To be able to usefully evaluate RFP responses, Spinnaker developed current baseline and projected future distribution models, representing lanes, volume, and freight costs, using real-world client data and forecasts. The purpose of building these models was to provide a "smell test" against which the RFP respondents could be compared for realistic scenarios, optimization strategies, and economic competitiveness.

RFP responses from the 3PL candidates were reviewed in detail and the "top three" were shortlisted. These select providers presented their proposals in person to the client so the depth of their understanding, their cultural fit, and their commitment to quality could be judged. All demonstrated relevant capabilities and potential cost savings; total savings estimated were in the range of 15% to 25% compared to current spend levels.

**The Results:** From the three providers presenting their capabilities to the client, an exceptional 3PL partner was identified that can support the client's aggressive expansion while reducing logistics costs by 25%. Beyond cost savings, the service provider is a great cultural fit; both parties truly live and breathe quality and food safety. The 3PL's entire network operates at or above the environmental control levels needed by the client, and monitoring capabilities are world class; all facilities are Safe Quality Food Certified.

In addition to advanced technology to monitor product quality throughout distribution, and tools to manage and optimize logistics costs, the client's new partner also dealt in food products that are key ingredients of the client's products. A possible future competitive advantage in complementary sourcing and logistics was evident.

With its newly established 3PL partnership, the client can focus on their core strategic value of producing more delicious, high-quality foods, while its partner can help scale the business with innovative distribution capabilities and drive logistics cost savings.

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**About Spinnaker:** Spinnaker is a supply chain services company that helps clients grow, manage risk, reduce costs, and improve customer service by developing world-class supply chain capabilities. Our services help clients develop the right supply chain strategy for their business challenges and implement the process and technology solutions to improve Demand/Supply Planning, Procurement and Sourcing, Logistics and Warehousing, and Reverse Logistics business performance. Spinnaker offers a unique service delivery model that combines the strength of deeply experienced management and technology consultants with a seasoned team of business process outsourcing (BPO) and 3rd-party logistics (3PL) professionals. Founded in 2002, Spinnaker has offices in Boston, Columbus, Denver, Houston, Memphis, Pittsburgh, London, and Singapore.

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