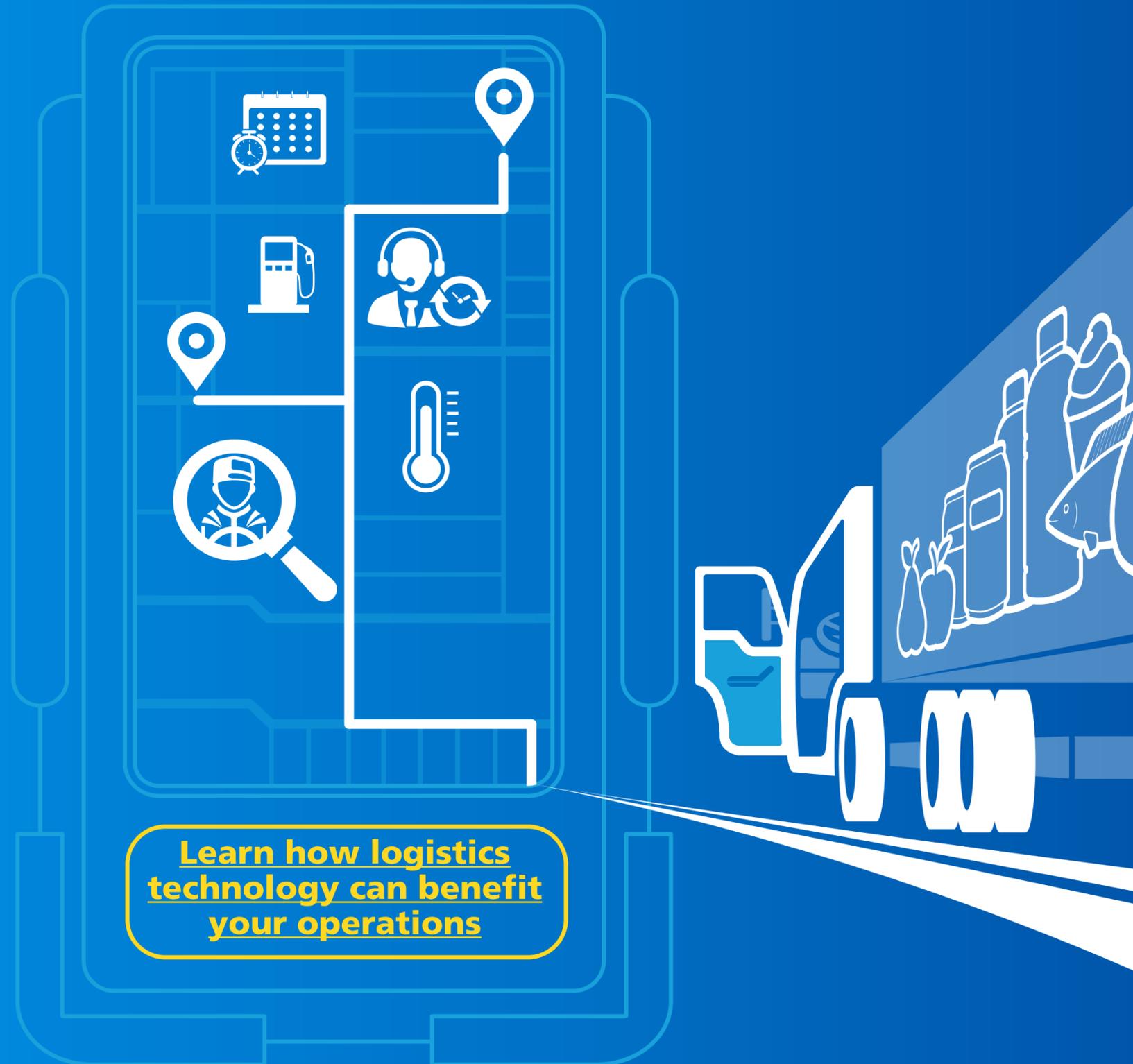


Logistics Solutions for the Food & Beverage Industry

Managing transportation, whether private/dedicated fleet or purchased from 3rd party carriers, in the food and beverage industry presents unique challenges not experienced by operators in other industries, including pressures associated with margins, food safety and increased accountability. This guide explores how logistics solutions can address key issues impacting food and beverage distribution today, and can provide measurable benefits to the bottom line while improving end-customer satisfaction.



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Labor, Compliance, Costs and Consolidation

The food and beverage industry is under more pressure than ever from issues associated with increasing costs and more stringent customer delivery requirements. To be successful, companies are embracing new tools and strategies to address the following challenges and trends:



Labor Concerns

Perhaps two of the greatest challenges in operating food and beverage delivery fleets today are the shortage of qualified drivers in the marketplace and the difficulty retaining an experienced labor force. Companies that employ class A CDL drivers to deliver food products to stores and restaurants have experienced disruptions in their operations. Finding a way to reduce turnover among current drivers while attracting new talent is critical to fleet managers trying to remain competitive in the industry.



Stricter Compliance

Concerns about food safety are gaining visibility due to globalization of the food industry, food-borne illness incidents that gained national media attention, and growing consumer interest in higher quality food. The rising number of recalls is fueling tighter government regulations, which results in increased auditing and reporting requirements that add costs and complexity to operations.

While parts of the U.S. Food Safety Modernization Act (FSMA) are still being finalized, particularly the safety transport rules, Congress recently authorized additional funding for food safety, indicating that the issue is a legislative priority. Additional safety provisions in the FSMA and the highway bill will likely add costs for operators.



Continued Consolidation

Experts believe mergers and acquisition in the industry will continue in response to higher costs, lower margins and increasing competition. Equipment and labor costs are outpacing price increases. As a result, consolidation is being used as a cost-effective approach for companies to expand and become more competitive.



Innovation

Technical advances in distribution and new operations inside food and beverage plants are expected to accelerate. These upgrades will help drive down costs and increase output.

Logistics technology can provide solutions that will address industry challenges and trends by helping food & beverage companies:

- Ensure product integrity by [Monitoring Performance & Compliance](#)
- Improve asset utilization by [Integrating Inbound & Outbound Operations](#)
- Increase profit margins by [Optimizing Routes](#)
- Maximize customer retention by [Exceeding Service Expectations](#)
- Boost productivity by [Minimizing Paper Processes](#)
- Reduce driver turnover by [Analyzing Performance Data](#)

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Monitoring Performance & Compliance

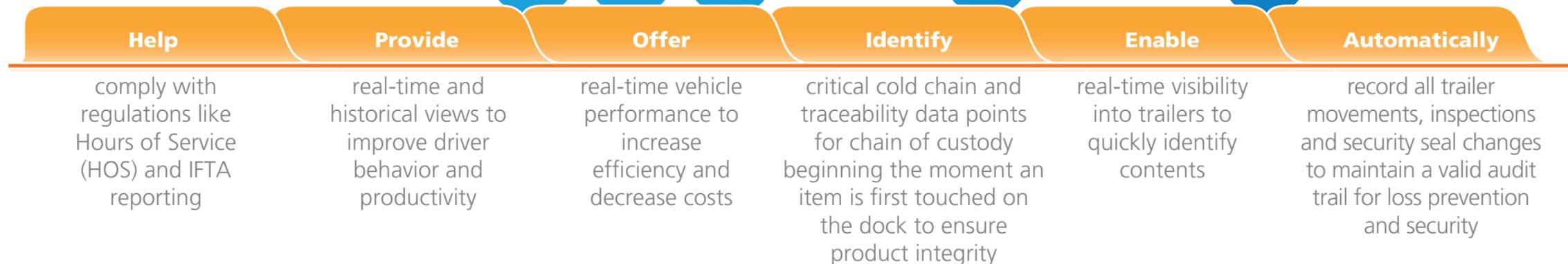
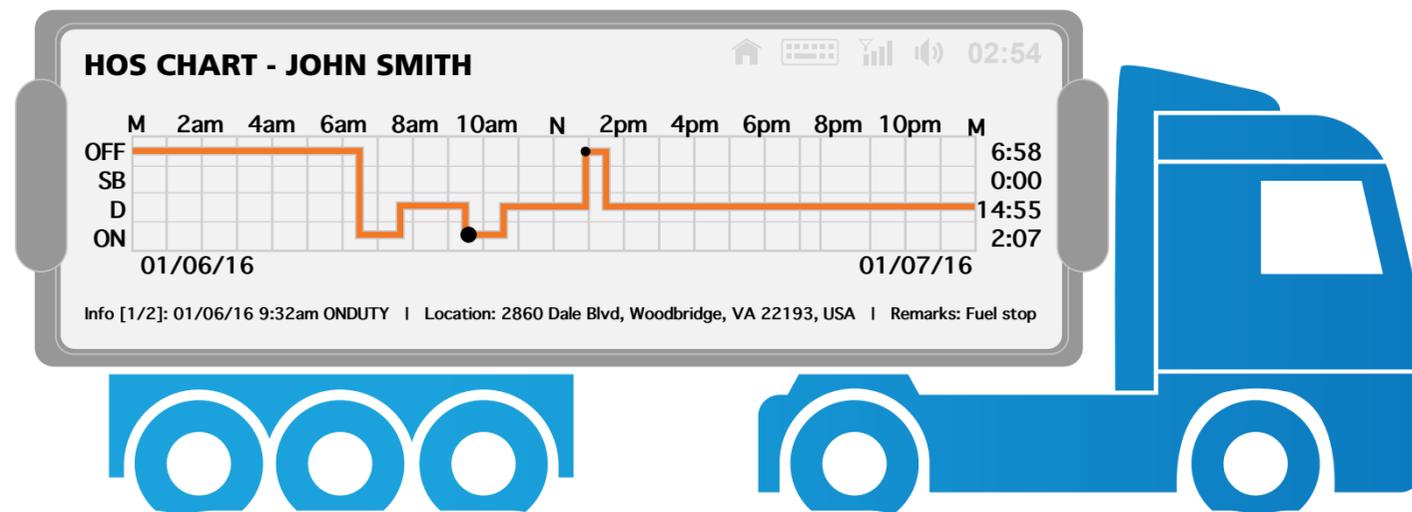
More Accurate Data with Telematics

Accurate and timely reporting are becoming even more important in today's food and beverage distribution, which is under close scrutiny and facing additional government regulations. In fact, commercial vehicle drivers will be required to switch from paper-based driver logs to electronic logbooks by December 2017 to better facilitate reporting.

The purpose of industry regulations is public safety with two specific goals: to ensure food and beverage products delivered are safe for consumers, and to ensure industry drivers are safely operating vehicles on the highway. Logistics technology can help relieve some of the administrative headaches associated with maintaining reports required for compliance. Next-generation Electronic Onboard Recorder (EOBR) units or Electronic Logging Devices (ELDs) are available to continuously monitor performance of vehicles and drivers, providing up-to-date and accurate data.

Telematics and compliance solutions:

In addition to implementing telematics solutions to comply with regulations, smart companies are using driver and vehicle performance data as a catalyst to improve overall operations and reduce costs. Instead of just meeting regulations, they capitalize on the benefits of telematics and advanced tracking systems to change driver behavior, improve productivity, better understand vehicle performance and help ensure goods aren't damaged when delivered.



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Integrating Inbound & Outbound Operations

Optimized Transportation Management

Companies often use separate transportation for outbound and inbound shipments. They may rely on suppliers to deliver goods to distribution centers, then use their private fleet for outbound delivery. Logistics solutions can develop optimal transportation plans to combine outbound customer deliveries with inbound pickups from suppliers. A dynamic evaluation of supplier transportation allowances versus fleet pickup costs helps support decisions that will reduce transportation costs, maximize fleet utilization and improve margins.

Having the ability to link transportation planning and execution across private fleet and hired carriers presents new opportunities for achieving cost reduction and service enhancement goals. For example, backhauls can provide low-hanging fruit for fleets. Leveraging the fleet to optimize backhauls can positively impact a company's bottom line. There may also be opportunities where the fleet and hired carrier can combine on a single order to lower overall costs.

How you approach unifying inbound and outbound transportation will have a significant impact on operational results. The first step is to break down internal walls if inbound and outbound teams are operating separately. Integrating the teams will foster collaboration that can help the company become more efficient. Think of each movement holistically – as a single logistics challenge.

Communication, control and visibility are essential to effectively integrating inbound and outbound route planning and execution. As you explore potential technology solutions, here are some factors to consider:



A common technology platform is optimal: A single sign-on and integrated navigation plan will simplify operations



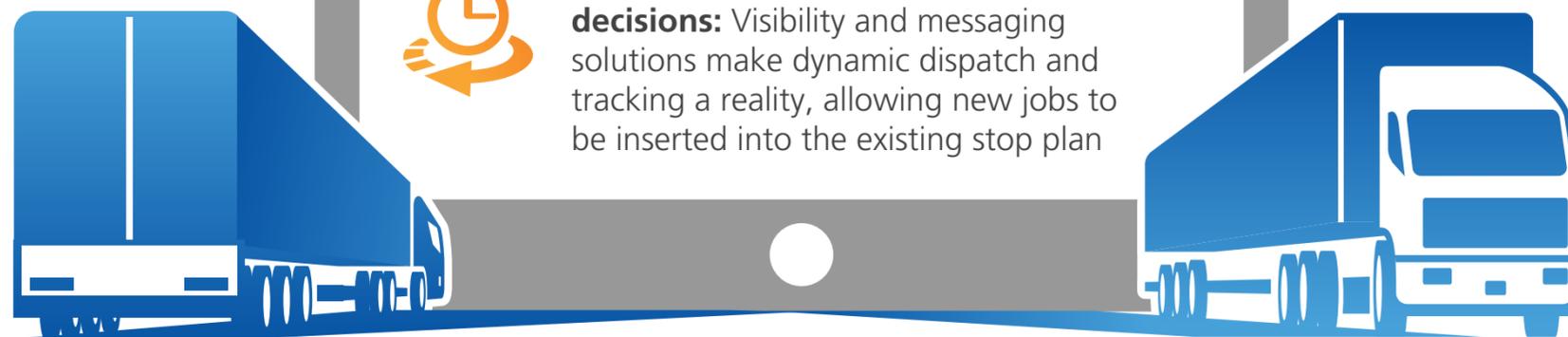
Integration requires flexibility: Moving shipments between fleet and carrier options as daily plans evolve is critical to capitalizing on opportunities



Advanced planning solutions are critical: Detailed mapping, stop service times, precise delivery windows, driver skills and turn restrictions must be accurately calculated



Real-time information can improve decisions: Visibility and messaging solutions make dynamic dispatch and tracking a reality, allowing new jobs to be inserted into the existing stop plan



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Optimizing Routes

Advanced Planning for Peak Performance

Maximizing your fleet and mobile workforce begins with proper planning for pickups, deliveries, and service calls. Route planning tools can provide advanced optimization across a wide variety of planning scenarios from territories to extremely dynamic routing environments, and can be extended for backhauls, pickups and suppliers.

Route planning solutions can help decrease costs, improve service, increase productivity, and reduce the environmental impact of your fleet using capabilities such as:

- **Strategic Delivery Planning:** Builds and optimizes new services, sales/distribution territories and replenishment strategies to maximize customer service and profit
- **Reservations:** Enables real-time appointment scheduling for pick-up, delivery, or service calls.
- **Daily & Multi-day Route Planning:** Accelerates the ability to continuously create optimal reliable routes using fewer trucks, miles and drivers
- **Sales and Merchandiser Management:** Provides straight forward planning and productivity management for mobile workers (sales, merchandisers, and other field personnel).

Because business in today's world is real-time, companies are working to be more responsive while driving fleet peak performance. To manage and serve customers' nonstop needs, market leaders are adopting an always-on business model. By leveraging new technology that enables continuous route optimization, companies can offer next-day, same-day and dynamic delivery appointments to improve service while maintaining or reducing costs.

(* Savings are estimates based on actual Descartes client engagements)

After implementing optimal route planning and visibility solutions, a leading distributor of foodservice equipment and supplies saved \$100,000 in the first year by reducing miles traveled and associated fuel costs.



Typical Route Optimization



10-15%
route mileage
reduction*



5-10%
driver hours
reduction*



3-4 hr/day
dispatcher time
reduction*

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Exceeding Service Expectations

Real-Time Information for Customer Retention

Customer interactions are often a fundamental competitive differentiator in today's marketplace. With competition growing in the food and beverage industry, customer retention is imperative for companies hoping to expand. Today that entails not only providing a first-rate product, but accurately setting customer expectations and pro-actively communicating if there is a change in distribution plans.

When dispatchers have access to real-time information from the road, they have an opportunity to alert customer service about delivery delays or schedule changes due to weather, traffic or other unexpected circumstances. Route execution technology can provide this capability which is critical in meeting the growing demands of customers. Route execution solutions:

- **Unite planning** with on-road and at-stop activities
- **Enable driver feedback** for real-time responses and assessments
- **Allow dispatchers** to manage exception and optimally assign intra-day work in real-time
- **Provide up-to-the-minute visibility** of delivery and order status, including proof-of-delivery reports with signature and image
- **Include estimated-time-of-arrival (ETA)** alerts and delivery receipts that can be emailed to customers
- **Measure "plan" versus "actual" performance** to achieve maximum productivity, meet customer expectations, and support continuous improvement.

Having real-time information about order and delivery status empowers customer service representatives with accurate information. This helps ensure rapid, accurate and efficient responses to inquiries, and an opportunity to pro-actively alert customers about changes due to unexpected events. Forewarned, informed customers are less likely to blame the company for circumstances beyond its control. Plus, automated proof-of-delivery reports with electronic signature images help minimize claims and strengthen customer confidence.

Food and beverage companies that upgrade their supply chains with real-time visibility also record significant improvements to delivery operations.

(* Savings are estimates based on actual Descartes client engagements)

One foodservice distribution company reported that in the first five months with a real-time visibility solution actual service time improved to within 3%* of plan.



30%

Improvement rates for on-time deliveries attributed to implementing visibility solutions.

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Minimizing Paper Processes

Increased Productivity with Mobile Solutions

Innovation is a recurring theme being embraced by today's food industry in both manufacturing and distribution operations. Automating previously manual processes results in more efficient operations with less paperwork, reduced administrative time and most importantly, fewer errors.

Order accuracy is a major issue for food distributors. Inaccuracies result in overages, shortages or damages (OS&Ds) that directly affect the bottom line. By replacing paper processes with mobile solutions, order accuracy can be improved, customer disputes and write-offs related to overages minimized, and invoices can be rectified in real-time, at the point of delivery. One privately-owned food distributor reported annual savings of more than \$230,000 by preventing OS&Ds and eliminating complex, multi-part invoices.

Whether at the dock, on the road, during dispatch and operations, or interacting with customers, mobile solutions can:

- **Eliminate paper manifests** from the delivery process for an estimated average savings of \$9.00 a day per vehicle*
- **Help gain insight** into product location, delivery status and driver productivity
- **Ensure operational efficiencies** and on-time deliveries for maximum product freshness
- **Reduce overages, shortages and damages** with average savings estimated at \$4.50 per vehicle daily*
- **Improve accuracy** with validated invoices in real-time, at point of delivery

(* Savings are estimates based on actual Descartes client engagements)

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Improving Driver Performance & Retention with Technology

It's common knowledge that a shortage of qualified drivers has been impacting the food and beverage industry. Some fleet managers have equated driver retention with safety, observing that hiring and keeping the right drivers can improve safety. As a result, food distributors are exploring strategies to not only attract new talent, but to reduce the turnover among current drivers. Although compensation is a factor, recent studies have shown that it takes more than a good salary to keep drivers in their jobs.

Technology Impacts Work Environment

Drivers have indicated that the most important factor for them to remain in a job is the "total work environment." Along with salary, that includes benefits, work/life balance and professional development. Smart companies have realized that telematics and mobile solutions can provide performance data and productivity tools to help address the drivers' concerns.

Fleet managers are using the data they collect on driver performance in their retention efforts. With telematics solutions, driver performance can be measured on fuel economy, safe driving and other productivity metrics. Data can be used to award top performers with incentives or bonuses.

Best-in-class fleets with lower turnover rates also report using sophisticated advanced route planning solutions to get drivers home more frequently. Allocating routes more efficiently and giving drivers more visibility into their schedules allows them to plan, offering more stability in their personal lives and improving morale. Drivers for one food distributor that implemented a visibility solution increased productivity by 10%* in the first year.

Analytics for Continuous Improvement

Some large fleets have started using predictive analytics for both recruiting and retaining drivers. Using performance program data, companies can identify the drivers most likely to have an accident before it occurs and those most likely to leave.

Predictive modeling can help identify a driver who is having problems such as not getting enough miles, so the problem can be addressed by managers and possible solutions discussed before the driver decides to quit. Data from drivers who have left the company can be used to find key indicators that a driver may be leaving. Plus, predictive modeling also helps the company sort through driver applicants to find the best candidates.

(* Savings are estimates based on actual Descartes client engagements)

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While the food and beverage industry continues to face increased regulatory and competitive pressures, investing in innovative logistics technology designed specifically for the industry can pave the way for profitable growth.

By implementing telematics and mobile solutions you can streamline processes, facilitate compliance reporting and monitor performance to gain efficiencies while improving customer service. After evaluating your current transportation management solution, consider integrating outbound and inbound operations to reduce transportation costs and improve margins.

About Descartes

As a global leader in logistics technology, Descartes has the flexibility and industry expertise to support the unique needs of food distributors. Our customers include leading food and beverage distributors, ranging from small, regional operators to global brands with large private fleets. They rely on our solutions to:

- Eliminate paper manifests
- Optimize routes and dispatching
- Ensure the right items are received and loaded
- Prove what, when, and how much is delivered at each stop
- Confirm chain of custody
- Enhance the overall customer experience

Descartes solutions help your company ensure product integrity, improve asset utilization, increase margins, maximize customer retention and boost productivity while, ultimately, growing your business.

[Learn more about Descartes logistics solutions designed specifically for the food and beverage industry](#)

DESCARTES™

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