

2006 Foodservice Distribution Operational Benchmarking Report

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Purpose

To provide foodservice distribution executives with a tool to:

- Evaluate existing performance
- Identify opportunities to create improvement

Scope

167 Distribution Centers

(152 Broadline and 15 Systems)

Areas of Focus

- Company Information (Sales, Customer Mix)
- Warehouse General (General Practices)
- Inbound Operations (Receiving, Put-Away, Inventory Control)
- Outbound Operations (Selection, Replenishment, Palletizing, Loading)

Focus, (cont.)

- Transportation (Routing, Training and Safety, Leasing, Time Windows, etc)
- Delivery Equipment Maintenance (Shop and Mechanic Information)

Methodology

Results are clustered, based on:

- Customer Mix (Street and Contract; for Warehouse and Transportation sections)
- Facility Location (Urban or Rural; for Delivery section only)
- Averages to protect anonymity

Initial Challenge

Wide disparity between:

- What metrics are tracked
- How metrics are defined

Initial Conclusions

- The larger the company, the more information being tracked
- Successful companies “sweat the small stuff”
- Levels of performance parallel the level of details being measured

Delivery Metrics

- Average Stops Per Trip
- Average Pieces Per Trip
- Average Pieces Per Stop
- Average Miles Per Trip
- Delivery Expense as a % Sales
- Average Cases Per Man Hour
- Delivery Cost Per Piece
- % Overtime

Warehouse Metrics

- Inbound Cases Per Man Hour
- Selection Cases Per Man Hour
- Outbound Cases Per man Hour
- Total Cases Per man Hour
- Warehouse Cost Per Piece
- No. Errors Per 1,000 Cases Picked
- % Overtime
- Shrink as a % Sales

Significant Findings

- Broadline distributors located in rural areas experienced an average of 16% higher delivery costs per piece than urban distributors
- Average miles per trip for rural located distributors averaged 43.9% higher than urban distributors

Significant Findings (cont.)

- Pieces per mile for rural distributors were 27.8% lower than for urban distributors
- Average Delivery Cost as a % Sales for rural distributors were 4% higher than their urban counterparts

Findings

Systems distributors on average have:

- 29.4% fewer stops per trip than Broadliners
- 59.4% more pieces per trip
- 118.4% more pieces per stop
- 200.6% more miles per trip

Findings (cont.)

Systems distributors average:

- 69.3% higher inbound cases per hour
 - 28.5% more total cases per hour
 - 53.3% fewer errors per 1,000 cases picked
 - 37.7% less cost per case
- than Broadline distributors

Findings (cont.)

Companies that consistently do the following are able to control their costs better than those who do not:

- Track and focus on Indirect Time
- Identify and eliminate Causes of errors, returns, reshops
- Focus on slot utilization and configuration

Findings (cont.)

- Focus on Accountability and Expected Results at all levels
- Utilize twin trailers for daily deliveries to distant market places

Contents of the OBR

- Over 200 graphs
- Key metrics for all participating distribution centers
- Data and information to confirm good results or to identify areas for improvement

Thank You

Any Questions?