



A Triple Crown Event

DISTRIBUTION, TECHNOLOGY & SUPPLY CHAIN



The Foodservice Distribution
CONFERENCE & EXPO

A large, faint watermark of the IFDA logo is centered on the slide. The logo consists of a stylized leaf or fan shape with several curved lines radiating from the center, all enclosed within a circular border.

Best in Class Practices: IFDA Operational Benchmark Report

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IFDA Operational Benchmarking Report

- **The first foodservice distribution industry report ever to gather and analyze operational data that is not commingled with other industries**
- **Identifies and analyzes operational factors that are critical to the success of foodservice distributors**

Information Gathered

- **Warehouse General**
- **Inbound Operations**
- **Outbound Operations**
- **Transportation**
- **Fleet Maintenance**

Scope

- 164 Distribution Centers**
 - 148 Broadline**
 - 16 Systems**

Systems Distributor: over 94% contract business

Comparative Approach

- **Customer Mix** = % Street Business (salesperson-driven) and % Contract Business (contract-driven)
- **Facility Location** = urban or rural

Most Significant Conclusion

Levels of performance parallel the levels of details being measured and managed

Best-in-Class Distributors

- **Effectively gather and use data**
- **Establish performance measurements**
- **Maximize technology to link data and measurements**
- **Understand and control costs**
- **Strive for continuous improvement**

Why Continuous Improvement?

- Technology investments without changing internal processes will reduce the benefits of those investments
- Effective process change can only come about after the consistent gathering and review of performance metrics

Key Findings

Best-in-Class Distributors

Invest heavily in technology to:

- Improve warehouse and transportation efficiencies
- Track and reduce non-productive time
- Identify and eliminate the causes of errors, returns, and re-ships

Key Findings

Best-in-Class Distributors

- Focus on accountability and expected results
- Improve inbound freight scheduling
- Reduce inbound product re-handling

Key Findings

Best-in-Class Distributors

- Track vendor/shipper performance and accuracy levels
- Address vendor/shipper performance accuracy issues

Warehouse – General

Best-in-Class distributors have:

- Clear and fair performance standards
- Incentives for superior performance
- Well-trained supervisors
- Tools - “Work smarter, not harder”
- Competitive wages

59% respondents: have WMS in-place

42% of respondents: no formal training for supervisors in past year

Warehouse - General

Best-in-Class distributors have:

- Cross-functional team approach
- Focus on warehouse layout
- Focus on reducing product handling
- Safety Committees

Inbound Warehouse

Best-in-Class distributors focus on:

- Setting realistic receiving schedules
- Reducing unloading time
- Replenishing slots for the night crew
- Accountability for accuracy and results

Outbound Warehouse

Best-in-Class distributors:

- Identify and reduce bottlenecks
- Focus on accuracy
- Track individual performance
- Eliminate let-downs as much as possible
- Improve training effectiveness

Outbound Warehouse

Best-in-Class distributors:

- Utilize double pallet jacks
- Select and palletize product by zone
- Pallet load product on trailers
- Utilize Load Diagrams for product location
- Develop % to performance standards

95% of respondents: pallet load

76% of respondents: load diagrams

24% of respondents: engineered labor standards

Transportation

Best-in-Class distributors:

- Track and follow up on driver performance
- Develop incentive based pay programs
- Utilize state of the art technologies
- Establish realistic time windows
- Recognize the value of safe equipment

65% of respondents: onboard computers

76% of respondents: computerized routing

Transportation

Best-in-Class distributors trade in:

- Power equipment every 5-7 years
- Trailers every 10 years
- Refrigeration units every 7-10 years

22% of respondents: 15 years for power

11% of respondents: 15 years for trailers

Fleet Maintenance

In-house or lease decision depends on:

- Fleet size
- Cash flow
- Available shop and fueling capabilities
- In-house management expertise

52% of respondents - full service lease

Fleet Maintenance

Four largest decision factors when purchasing equipment:

- Fuel consumption
- Safety / Design
- Warrantees
- Training costs

Fleet Maintenance

Best-in-Class distributors:

- Assign power equipment
- Track costs on a per vehicle basis
- Track repair effectiveness by mechanic
- Wash trailer interiors a min. of once/week
- Check tire pressures at least weekly

79% of respondents: assign power equipment

20% of respondents: wash trailer interiors at least twice a week

62% of respondents: check tire pressures twice a week

Warehouse Metrics (Average) Broadline

Inbound cases per hour: 264.27

Outbound cases per hour: 87.29

Thru-Put: 73.15

Cost per Case: \$.69

Warehouse Metrics (Average) Broadline

Errors per 1,000 cases picked:	.9
% Overtime:	11.92%
Shrink as % Sales:	.14%

Transportation Metrics (Avg.) Broadline

Stops per trip: 11.47

Pieces per trip: 634.22

Pieces per stop: 57.79

Pieces per mile: 4.43

Transportation Metrics (Avg.) Broadline

Delivery expense as % sales: 4.50%

Average cases per man hour: 47.48

Delivery cost per case: \$1.19

% overtime: 15.78%

Broadline-to-Systems Transportation Comparisons

- 3.6 more stops per trip
- 344 fewer pieces per trip
- 68.5 fewer pieces per stop
- 285 fewer miles per trip
- \$.16 more cost per case

Broadline-to-Systems Warehouse Comparisons

- 181 fewer inbound cases per hour
- .4 cases more outbound cases per hour
- 22.7 fewer cases per hour thruput
- \$.26 higher cost per case

A distributor's future performance success will depend on:

Accuracy

Efficiency

Thorough knowledge of costs

Dedication to process improvement

Common Terms / Metrics Definitions

Developed by IFDA Distribution Committee

Over 130 terms

Over 75 metrics

Available on IFDA's website this week

www.ifdaonline.org

Thank you for your attention!

Any Questions?