JACOBSON COMPANIES

Integrated Supply Chain Solutions

CASE STUDY

Jacobson Models and Implements Network Optimization Logistics Solution for Dairy Cooperative

How this large dairy cooperative benefits from working with Jacobson Companies:

- Supply chain network modeling study **determined most efficient logistics** approach
- **Double digit** percentage savings on transportation
- **Reduction** in miles to customer **improves** service, **saves** in transportation expenses and **reduces** carbon footprint.
- Updated supply chain from series of public suppliers to a **key strategic partnership**.

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The Challenge:
A large cooperative of consumer dairy products needed a logistics provider in the U.S. but wanted more than just a company to move freight. The company, which sells more than $1 billion of both dried and temperature-controlled product to U.S. food companies annually, needed a partner to provide them with the expertise, tools and data to reduce costs. The cooperative was looking for a 3PL that wasn't just a service provider, but a vested partner.

Our Solutions:
The dairy cooperative selected Jacobson Companies as its 3PL partner in April 2009, and in August, Jacobson took over all of the company's inbound and outbound transportation needs in the U.S. – shipping, tracking orders, receiving the carrier's invoice, handling audit and settlement, and then providing detailed reporting back to the customer. Jacobson's transportation management group provided more transparency, greater savings and more accountability. Now, with detailed logistics data and decision tools, the cooperative could gain the knowledge about its business processes that would drive efficiency, improve customer service and facilitate future growth.

As a vested supply chain partner, Jacobson allocated resources into conducting a supply chain modeling exercise designed to optimize inbound and outbound transportation lanes and reduce costs. Jacobson first developed a baseline model of the current dairy cooperative's USA supply chain, which included plant locations in New Zealand and the US, 3 major ports of entry, 5 distribution centers and hundreds of unique customer destinations. After an extensive set of optimized modeling scenarios, we determined that the best course of action was to shut down 3 distribution centers and 1 port of entry, reduce the flow to 2 current warehouses and open up a new main distribution hub in the Chicago area. The new supply chain network saved millions in transportation and warehousing expenses, improved inventory carrying costs and reduced average weighted miles from warehouse to customer by more than 50%. The reduction in miles to customer improves service since it takes fewer days from order to delivery, and also improves the cooperative's USA's carbon footprint by reducing overall road mileage and fuel usage.

Using the results of the network model, Jacobson and their customer set out to select the ideal warehouse location in the Chicago area. After a comprehensive real estate search, Jacobson and the customer selected a facility in Shorewood, IL. Jacobson was selected to operate a 507,163 sq. ft. warehouse with full security, safety features and food grade quality standards.

The dairy cooperative's decision to have Jacobson run its transportation management and centralized DC represents a fundamental change in its supply chain management philosophy – from a series of public suppliers to a key strategic partnership. As a vested supply chain partner, Jacobson provided more transparency, greater savings, and more accountability while saving the cooperative significant supply chain costs.

For more information, please contact Jacobson at 800-636-6171 or sales@jacobsonco.com