

CASE STUDY FOCUS: NETWORK OPTIMIZATION

## QSR Chain Optimizes Distribution Network and Reduces Freight Costs

A leading global quick service restaurant (QSR) chain optimizes its distribution network and leverages rail transportation to reduce shipping costs.



### Challenge

A leading QSR chain with a complex network of suppliers, distribution centers and redistribution centers wanted to optimize transportation and warehousing costs for a top-selling product while maintaining or exceeding current service levels and avoiding obsolescence.

### Solution

The QSR enlisted the help of HAVI, a global leader in packaging, supply chain services, marketing and supply chain analytics, merchandising planning and promotions management, and waste, recycling and sustainability, with deep expertise in the QSR and foodservice markets. HAVI reviewed the company's supply chain data, leveraging historical and forward-looking forecasts to determine demand. The HAVI team met with the company's suppliers to gather information on plants, shipment capabilities and capacity, and also calculated shipping costs for items on an individual unit basis. After their research and analysis, HAVI presented a model that outlined a recommended strategy and visual depiction of the best way to manage the chain's distribution network.

The finished product's long shelf life, low obsolescence and need to travel great distances to distribution centers from regions of the country where suppliers are clustered made it ideal for rail shipment. Yet, while the cost of rail travel would be lower than over-the-road, the length and variability of delivery time would be high. Compounding this challenge were distribution centers that wanted to minimize the amount of finished product inventory they have on hand in order to increase turn rates. Previously, the length of time for rail delivery had been so variable that in 30 percent of instances when distribution centers were receiving rail

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shipments, they would order an express truckload shipment to meet their inventory targets, which was exceptionally costly.

Understanding these concerns, HAVI set targets for rail usage and created measurements across the supply chain to begin tracking utilization. By providing visibility across the QSR's global supply chain, HAVI enabled the client to see how well they were executing against the plan, and if suppliers were missing their targets, the chain could determine why and help the supplier achieve its goals. This helped alleviate the need for express shipments and balanced supply.

### Benefits

- **Reduced costs** – The chain reduced its total annual logistics costs by five percent by leveraging rail as an alternative to more costly over-the-road shipments.
- **Lowered risk** – The chain reduced variability of order receipts and minimized risk of shortages and express shipments to distribution centers by realigning the supply chain. This shortened the routes, reduced the risk of inventory obsolescence and reduced risk.
- **Increased collaboration** – Increased visibility across the supply chain and measurements to track rail utilization gave the customer the insight it needed to ensure optimal distribution routes between suppliers and warehouses.
- **Maintained service levels** – The chain was able to maintain, and frequently increase, supply targets and service levels across its network.



HAVI is a global, privately owned company focused on innovating, optimizing and managing the supply chains of leading brands. Offering services in supply chain management, packaging, logistics and recycling & waste, HAVI partners with companies to address challenges big and small across the supply chain, from commodity to customer. Founded in 1974, HAVI employs more than 9,000 people and serves customers in more than 100 countries. HAVI's supply chain services are complemented by the customer engagement services offered by our affiliated company The Marketing Store. For more information, please visit [HAVI.com](http://HAVI.com).

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