



## CLIENT CASE STUDY: QUALITY DISTRIBUTING COMPANY

# QUALITY DISTRIBUTING

### Customer Profile

Quality Distributing Company distributes to over 300 YUM! Brands restaurants. Quality Distributing manages the distribution to these restaurants across four states.

### Business Situation

The effects of rising costs and reduced sales due to the current economic downturn have put pressure on margins for distributors. Small to mid-size distributors must find effective methods to reduce costs to survive in this environment.

### Solution

Quality Distributing has driven cost out of the supply chain by choosing ArrowStream Logistics to automate replenishment and manage freight. This decision has led to substantial savings that boost the bottom line.

### Benefits

- Significant inbound freight savings averaging 26.5% due to consolidation of Less Than Truckload (LTL) shipments and the creation of more full truckloads
- Flexible and efficient transition from a manual freight management process to optimized freight management
- Automation of replenishment processes to reduce overhead costs

## Quality Distributing Bolsters Bottom Line, Reduces Costs by Optimizing Freight Management with ArrowStream Logistics

### Business Situation

Like many small to mid-size foodservice and retail distributors, Quality Distributing is experiencing increased pressure on already slim margins due to the current economic downturn and rising operating costs. "It is like a double attack on distributors in this environment where sales are declining due to less frequent consumer store visits and fuel costs are escalating," explained Gary Rancatore, president of supply chain operations for Quality Distributing.

Getting the right products to the right store at the right time must be carefully balanced with optimal truckload volume – a difficult proposition when operating with dated processes, smaller volumes than those of larger distributors, and escalating freight rates. "Because we are dedicated to our nearly 340 stores, we provide great service, but our volumes are smaller and therefore we had a higher percentage of costly LTL's than we would have liked," said Rancatore.

Quality Distributing was founded over 50 years ago by Pete Harman, who opened the first Kentucky Fried Chicken restaurant. "We have a homegrown distribution system with very basic technology and manual operations, so we needed a partner who would help us become more automated and efficient," said Rancatore.

### Solution

Quality Distributing chose ArrowStream Logistics to enable more efficient use of their volume by leveraging ArrowStream's freight optimization technology and its nationwide network of over 200 Distribution Centers and 60,000 routes. By combining their inbound freight with that of other ArrowStream customers, Quality Distributing has significantly reduced its percentage of LTL's and gained substantial freight savings.

Quality Distributing is also working with ArrowStream to automate their replenishment process with the aim of reducing overhead related to man-hours, software and systems maintenance.

### Benefits

#### Improved bottom line resulting from significant initial and recurring freight savings

"We have saved approximately \$175,000 in this first year by contributing our freight to the ArrowStream network," said Rancatore. As the company and other ArrowStream network participants continue to add more freight to the network, Quality Distributing will gain more recurring savings. "We project a savings this coming year in excess of \$200,000 as we add more product to the system," said Rancatore.

## CLIENT CASE STUDY: QUALITY DISTRIBUTING COMPANY

“For distributors of our size, cost savings that strengthen the bottom line are not just a competitive advantage, they are a survival advantage.”

– Gary Rancatore, president of supply chain operations for Quality Distributing

The challenges of managing the relatively smaller volume (340 stores serviced out of 4 distribution centers) compared to other larger distributors made dealing with declining sales volume and rising fuel cost a tremendous challenge. “Our smaller volumes previously necessitated the use of LTL shipments, but with the ArrowStream network, we were able to consolidate these shipments to achieve truckload moves and savings,” he said.

While the new methods required Quality’s people to adjust schedules for product arrival slightly, the savings are worth the process change. “We track the freight savings amount, so that our people understand the value of this process,” said Rancatore.

**Flexible and efficient transition from a manual freight management process to optimized freight management**

Like many distributors, Quality Distributing had limited internal technology and manual processes. But working with ArrowStream, Quality Distributing was able to overcome such limitations, and transition to a more automated and efficient system. “ArrowStream was tenacious in helping us work through our challenges and provide them with what they needed to load our freight information into their system,” said Rancatore. “Now our people are very comfortable with the systems that are in place using the ArrowStream network.”

“For distributors of our size, cost savings that strengthen the bottom line are not just a competitive advantage, they are a survival advantage,” said Rancatore.