

CASE STUDY

# Managed TMS<sup>®</sup>: It's About the People



**TMC**

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Ocean Spray sells more canned and bottled juices than any other company in the United States. The company's supply chain is highly complex. From the inbound shipment of raw materials to retail delivery, there are thousands of variables and decisions that directly affect the quality, price, and success of Ocean Spray products. About five years ago, supply chain leadership at Ocean Spray decided to take a highly proactive approach to this complex supply chain and use the best available talent and technology to optimize their transportation network. They chose a Managed TMS<sup>®</sup> solution from TMC, a division of C.H. Robinson Worldwide, Inc. Within a short time, TMC earned an award as Ocean Spray's "Third-Party Logistics Provider of the Year." But more important, Ocean Spray continues to drive cost savings and network-wide performance improvements that routinely exceed expectations.

## A Decision Based on Mission-Critical Metrics

Ocean Spray's decision to move to a Managed TMS solution was prompted by carefully monitored metrics. The company's previous strategy consisted of a transportation provider managing their carrier relationships. The provider worked remotely from its home office location and had little face-to-face interaction with Ocean Spray's operations, customer service or supply chain teams. "It was also a situation where the provider's team that managed our business was also managing several other clients," said Wayne Tessin, director of logistics for Ocean Spray.

In addition to freight costs, the company carefully tracked on time delivery, since that specific metric had a strong impact on sales. Under the previous model, Ocean Spray was averaging 85 percent on time delivery. "While that may have been at or above industry standards, we knew that if we drove that number higher, we'd have a measurable impact on sales," Tessin said.

## Avoiding the Software Trap

Tessin and his team first reviewed software-based solutions the company could implement on its own. “There were too many drawbacks for us,” Tessin said. “The initial purchase price was considerable. When we added up the ongoing maintenance fees, we simply couldn’t make the ROI model work.”

“We also tried a web-based solution and applied it to our inbound freight, but it didn’t work well for us,” Tessin continued. “It ultimately wasn’t integrated with our outbound operations. We discovered how important that integration can be.”

The Ocean Spray team finally settled on a Managed TMS solution from TMC. “We decided that TMC’s approach of providing us with dedicated, onsite TMS power users and allowing us to manage carrier relationships held a lot of promise,” Tessin said.

## Measurable, Sustained Success in Performance and Cost

On time deliveries quickly climbed from 85 percent to 95 percent, a metric that was of great importance to the supply chain team at Ocean Spray. “It’s simple. If our customers have our products on time, they sell more of them and order more of them,” Tessin said. “Improving on time performance by 10 percent was a remarkable feat, because we were efficient before. Now, we’re incredibly strong.”

Another key metric is carrier acceptance. With carriers accepting more than 75 percent of the loads tendered to them, freight costs have been positively affected almost as much as on time delivery.

“TMC does a great job of managing the route guide,” Tessin said. “When we keep tenders with the first two or three carriers, we’re able to keep costs where we want them.”

## Powerful New Management Information

In addition to precise management of the company’s route guide, customized reports provided by TMC help Ocean Spray identify and capitalize on potential cost savings throughout its network.

“The reports we get from TMC allow us to track a variety of important costs such as cost per load delivered, transfer costs, utilization, miles traveled, and cost per mile. We can get right down to the cost of a particular case of product,” Tessin said. “When we have accurate, real-time data, we can make decisions throughout the supply chain that can drive down costs.”

“The cost information we extract from TMC’s customized reports also is central to our budgeting and pricing activities. Our analysts look at detailed metrics at the lane level. They evaluate volume,

mix, quantities, ordering patterns, and other key factors,” Tessin added. “So the impact of the information we get extends far beyond the transportation network.”

## Retaining Control Over Carrier Relationships

Tessin said relationships and outcomes with the company’s carriers are stronger than ever with Managed TMS. “We have previously allowed providers to choose carriers, negotiate contracts and monitor scorecards. I feel like we lost ground in both service levels and capacity when we did that. Having TMC manage the route guides while we manage the carrier relationships has resulted in better performance, better relationships and better outcomes.”

TMC also manages appointment setting for Ocean Spray. “We used to have the carriers set their own delivery appointments,” Tessin said. “But that resulted in a lot of inconsistency. Each carrier did it their own way, and it could get confusing for our customers.”

TMC also collects data from the appointment setting process and includes it as part of management reporting. “We collect a lot of good information from the appointment setting process, such as what kinds of things are our customers are asking for,” Tessin said.

## A True Collaborative Model

While Tessin values the Six Sigma-based process and the web-based TMS technology that TMC has deployed, he believes the key to the four years of sustained success is the dedicated, onsite TMS power users who work along side his team. “The TMC power users are an extension of the Ocean Spray transportation team,” he said. “They are intimately aware of what’s going on in our business.

“When something needs attention, I get an email quickly and I am able to take action,” Tessin said. “They are involved in our staff meetings, they routinely bring us new ideas, and they fit extremely well with our culture.”

## About Ocean Spray

Ocean Spray is an agricultural cooperative owned by more than 700 cranberry growers in Massachusetts, Wisconsin, New Jersey, Oregon, Washington, British Columbia, and other parts of Canada. It also includes more than 50 Florida grapefruit growers. Ocean Spray is North America’s leading producer of canned and bottled juices and juice drinks, and has been the best-selling brand name in the canned and bottled juice category since 1981. Ocean Spray posted fiscal 2009 sales of \$2 billion.

## About TMC

TMC is a division of C.H. Robinson, one of the world's largest providers of global freight services. Their global Managed TMS® solution offers TMS technology combined with managed services. Through Control Towers® in Chicago, Amsterdam, Shanghai, and Mumbai, TMC coordinates complex, global, multi-leg shipments, using all forms of transportation. With the Managed TMS solution—delivered through TMC—clients are provided a single global platform for shipment optimization and visibility, freight payment, and business intelligence. C.H. Robinson employs hundreds of transportation experts to support Managed TMS clients in North and South America, Europe, Asia, Africa, and the Middle East.

For additional information on Managed TMS and global Control Towers, go to [www.mytmc.com](http://www.mytmc.com).

For powerful new ideas in freight management, visit the TMC Connect blog at [www.mytmc.com/blog](http://www.mytmc.com/blog).