VOLUME 1, CASE STUDY SERIES

TRINITY FOODS CASE STUDY

A CLN Worldwide Publication clnusa.com

Background:

- Trinity Foods is a sweet potato fry manufacturer in Pembroke, NC.
- Half of all sweet potatoes are grown in eastern NC.
- Trinity Foods had a food distributor based in Ireland that was reselling across Europe with their most notable customer being Aldi in Europe.
- The distributor in Ireland was a relatively young and fast growing company.

Challenge:

- The challenge was cash flow.
- The cash flow constraints caused Trinity Foods to ask CLN to come in and look at their supply chain.

CLN's Strategy:

- We looked at current routing and carrier usage, existing transit times between manufacturing plant and distribution facilities in Ireland.
- From reviewing the carrier and routing options available we determined that we could improve the transit time by 3 weeks.
- A typical route for Trinity: Pembroke to Charleston to Antwerp or Rotterdam --> Transshipment from there to South Hampton and then a ferry truck service to Dublin.
- CLN put together a routing that was Pembroke to Norfolk to Dublin and reduced transit time by 3 weeks.

HIGHLIGHTS

- Initial Cash Flow Issue
- CLN improved transit time by 3 weeks
- This increased initial transportation costs by $96K per year
- But decreased safety stock by 60%
- 60% reduction in safety stock freed up $500,000
- The company turned their inventory 6x per year (x's) $500,000 at a 45% margin = 1.35 Million Dollars per year in additional value

TRINITY FOODS CASE STUDY

A CLN Worldwide Publication clnusa.com

Initial Impact:

- The impact of speeding up transit time was that transportation cost went up by about 20%.
- 20% on $4000 is $800, so the net increase in transportation cost was roughly $800 per container.

Cost Analysis / Ongoing Impact:

- Trinity Foods was shipping 10 containers per month = $8000 per month in transportation spend = $96000 per year.
- The net impact of reducing the transit time from 5 to 2 weeks and increasing the reliability of delivery meant that we were able to decrease the in-transit inventory in amount of safety stock carried by approximately 60%.
- A 60% reduction in safety stock resulted in freeing up approximately $500,000 that was previously tied up in inventory.

The Bottom Line:

- For this distributor, freeing up an additional $500,000 that was previously tied up in inventory meant that for a business that turns their inventory 6 times per year (x) $500,000 at a 45% margin is 1.35 million dollars per year.
- By paying an increase of $96K per year in additional transportation spend, CLN was able to create 1.35 million dollars in additional value.
- Helping them further grow and develop their business into new products and markets.