



## How transportation expertise grows sales

Western Growers is one of the nation's largest agricultural trade associations. Its 3,000 members grow, pack, and ship 90 percent of the fresh vegetables and 70 percent of the fresh fruit and nuts grown in Arizona and California. Fresh produce shippers, like Gills Onions, a Western Growers member, depend on creative, flexible transportation solutions for shipping capacity and overall consolidation savings.

### Find reliable, cost effective transportation

When an entire industry changes key practices, core supply chain vendors scramble to find new solutions. Such was the case in 2005, when consolidation of retail and foodservice companies escalated and the process for transporting fresh produce began to change.

#### Challenge

To provide consistent and reliable equipment to the members, meet customer delivered pricing requirements, improve service levels, and drive efficiencies throughout the supply chain.

#### Solution

C.H. Robinson and Western Growers aggregate shippers' freight volumes to attract a robust carrier base with customized performance metrics. The program allowed Gills Onions to satisfy customer delivery requirements, helped them attract new customers, and gave them more time to focus on growing and processing onions.

#### Result

Participating members move fresh produce more efficiently, provide consistent service and response to customer requirements, sell more product to their customer bases, and gain a more efficient and economical supply chain.

Rather than purchasing under customary FOB terms, many of the consolidated companies requested delivered pricing, which required shippers to provide transportation services. With this shift of transportation responsibility, shippers became more involved in transportation and logistics. In addition to delivered pricing requirements, retailers began requesting year-round availability of many produce categories, as well as local and regional sourcing to reduce food transport miles and increase product vitality.

Many shippers found it difficult to function in this environment. The transportation volumes of small and medium sized shippers limited their ability to negotiate for competitively priced refrigerated service on a consistent basis. Shippers with less than truckload (LTL) volumes were at an even greater disadvantage. These problems increased during holidays and other peak shipping periods, when even large shippers experienced difficulty finding transportation capacity.

Shippers responded to regional sourcing requests and year round supply requirements by moving production from traditional growing locations and developing offshore supply sources; but often lacked the resources to move product to market from these areas. Concerned with how these issues were impacting its members, Western Growers aligned with C.H. Robinson in early 2006 to develop a unique transportation program for its member shippers and participating licensed produce trade associations.

### Combining loads gives growers a competitive edge

At the core of the transportation program is C.H. Robinson's ability to consolidate freight to gain competitive advantages in capacity, service, and rate levels. Other key elements of the program include customized pricing, extensive LTL capability, high volume surge capacity, and strategic account management. For example, C.H. Robinson can negotiate strategic

contracts to move significant volumes of fresh produce and demonstrate deep cost savings.

“If we have transportation issues we always call C.H. Robinson first because they take the headaches out of the system, always come through, and are the solution to us getting product delivered.”

—Steve Gill, co-owner Gills Onions

C.H. Robinson's powerful technology gives shippers the end-to-end shipment visibility they need, plus near real-time reporting through EDI communications about shipments in transit, and executive scorecards to analyze on-time deliveries and performance exceptions. Some shippers

also gain advantages through outsourcing. They can focus on their core business while preserving operational flexibility by using C.H. Robinson's inventory management systems or outsourcing their transportation procurement and operations. Overall, shippers get a comprehensive menu of flexible, scalable services into a customized program built around their key business operational and financial metrics.

Ultimately, using Western Growers' transportation program enables members to differentiate themselves from their competitors because they can make significant service and pricing commitments to their customers. These commitments include:

- Consistent availability of transportation services from domestic and import/export origins
- Surge capacity to handle seasonal and holiday volume increases
- Access to cross-border transportation service from Mexico
- Short-, medium-, and long-term pricing options
- Order fulfillment flexibility and extended product shelf life provided by LTL and forward warehousing services
- Accurate, automated communication
- Visibility through comprehensive reporting of transportation costs and performance

In addition to the many benefits that its members receive, the transportation program has positively impacted Western Growers. By encouraging non-members to try the program, Western Growers saw an increase in membership and more connectivity to grower-shippers.

“This program was different because it is totally focused on the produce industry. The deal started out small, but they were willing to look at every opportunity and it wouldn’t have been successful without the team making such a big commitment.”

—Steve Gill, co-owner Gills Onions

#### GILLS ONIONS’ FRESH APPROACH TO LOGISTICS CHALLENGES



##### **Company Profile**

Gills Onions in Oxnard, CA, is one of the nation’s largest, family-owned onion growers and processors. Their proprietary equipment peels, slices, and dices fresh-cut onions. Gills Onions are found on menus in a wide variety of restaurant chains and are available nationally to consumers in the fresh produce section of supermarkets. “We’re a diversified, vertically integrated supplier from seed to consumer,” said Steve Gill, co-owner.

##### **Challenge**

Gills Onions did not have a logistics program and depended on buyers of their products to arrange the transportation. They lacked the resources to create an in-house transportation and logistics team. “We want to stay in the business of processing onions,” said Gill. “We want to outsource logistics so it doesn’t take away from anything we do here.”

The situation changed in 2008 when a new customer, one of the nation’s largest fast food chains, asked Gills to deliver fresh-cut onions to several distribution centers across the country. This would require LTL shipments—even as far as Maine—and Gills Onions was not equipped to handle this significant logistics challenge.

##### **Solution**

On Western Growers’ recommendation, Gills Onions looked to C.H. Robinson for a solution. “Western Growers studied a lot of transportation companies and determined that

C.H. Robinson has the best supply chain expertise and cost competitive solutions to benefit the members of the association,” explained Gill.

In the beginning, there wasn’t enough capacity to move the product from the docks in highly seasonal times. The idea of the program is to provide better access to capacity, help to manage costs through the sheer scale of the system, and provide best-in-class service to attract new customers. No matter how big or small, shippers are larger when they have more freight.

##### **Result**

The Western Growers transportation program allowed Gills Onions to satisfy the customer’s delivery requirements, helped them attract new customers, and gave them more time to focus on their core competency of growing and processing onions. “We had other customers we couldn’t sign up because we couldn’t get our product there. Now we can get our shipments to their warehouse or facility pretty easily,” said Gill. “The program allowed us to be very successful because the customer always got their product on time and they never saw our supply chain challenges. It’s a major selling feature for our customers in the Midwest and East Coast who don’t want to hassle with trucking.”

The success with Gills Onions allowed C.H. Robinson and Western Growers to find additional nearby customers to increase the collective shipping volume and improve the overall consolidation savings.

## Aggregation cultivates cost savings

### Key Result

- C.H. Robinson negotiated strategic contracts to move a significant volume of potatoes via intermodal. During the peak season, potato growers saved nearly a half million dollars over truckload rates.\*

### Additional Results

- To aid with rates, C.H. Robinson provides weekly pricing information from different growing regions to delivery locations around the country.
- To better aggregate members' volumes, C.H. Robinson created an LTL and forward consolidation program with service centers across the nation.
- Members rely on the transportation experts' extensive truckload and cross-border expertise between Mexico and the U.S., including a state-of-the-art service center and processing facility in McAllen, Texas.
- C.H. Robinson's asset-light model provides ultimate flexibility. When members need to get product shipped as fast as possible, the vast network finds the most efficient way to ship the product at the best combination of service and price.
- Each member receives a report to benchmark their performance. The report shows transportation costs by lane, service levels, and the cost per case, per pallet, and per truckload.
- Special reports help shippers measure their carbon footprint, enabling them to demonstrate their contribution to a more sustainable environment.

*\* Savings can't be guaranteed for every program and vary by lane based on prevailing market factors.*

To discover how you can benefit from C.H. Robinson's outsourcing programs, call us at **800-323-7587** or email us at **[solutions@chrobinson.com](mailto:solutions@chrobinson.com)**.