

Best Practices in Collaboration: How Kraft Foods is Eliminating Costs in their Transportation Network



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Abstract:

Kraft Foods, Inc. wanted to eliminate waste in its extended network by reducing transportation costs and improving service levels; utilizing fleet assets where appropriate and beneficial. Kraft will discuss how they designed and are implementing various collaborative transportation initiatives with their supply chain partners. At a high-level, the approach entailed identifying lanes where transportation collaboration would be cost beneficial, specifically reverse shipping lanes of sufficient volume that met certain criteria. This approach took costs out of the network instead of shifting costs from one partner to another. Specifically thousands of empty miles have been identified for elimination from Kraft's transportation network with anticipated costs savings to Kraft and their partners in the millions of dollars. Kraft continues to reap the benefits of this project; having worked through the planning process with three supply chain partners to date and is planning similar analyses with several other partners in the near-term. Attendees in this session will gain an understanding of how to resolve operational issues as well as the modeling approach to identify areas of opportunity for collaborative initiatives.