

## ***The Collaborative Supply Chain: Inbound Freight Management Solution***



**Paul Neurauter**  
**Director Transportation Commercialization NA**  
**Kraft Foods, Inc.**



**Derek Leathers**  
**Chief Operating Officer**  
**Werner Enterprises**

### **Abstract:**

Today, more than ever, transportation and logistics executives are focused on driving efficiencies in their supply chains. Cost pressures and an ever-increasing competitive landscape have focused new approaches as it relates to supply chain management and strategy. These pressures are often the catalyst to transform traditional networks to demand-driven value chains. Kraft Foods and Werner Enterprises have created a successful template for supply chain collaboration success that meets both near-term savings and long-term vision and continuous improvement by engaging one another as partners instead of participants.

Kraft Foods and Werner Enterprises partnered on an Inbound Freight Management program that commenced in September of 2006. Kraft's collect inbound spend, in the range of \$130M with an estimate of prepaid freight in the range of \$150M, was largely managed by their supplier community. Kraft's business model at the time was one that historically focused on outbound finished goods freight while leaving the transport management of inbound materials with their suppliers and vendors. Their supply chain management processes were synchronized for finished goods movements, but were substandard for raw materials and packaging shipments.

Werner Enterprises was selected as Kraft's 3PL to provide inbound transportation management services. The main goal for this relationship was to accelerate Kraft's ability to control, manage and optimize its inbound transportation network to reduce costs, while at the same time, laying the groundwork for a more cooperative approach to inbound freight strategies. This collaborative strategy allowed Kraft to reap the benefits of Werner's logistics talent, proprietary logistics systems and varied capacity solutions, while Werner gains Kraft network visibility to better align themselves as a core transportation provider for one of the most respected companies in the food industry. This is a clear example of collaborative outsourcing and creating an environment of joint value creation between 3PL and Customer. This is a story of transforming Kraft into the industry leader in Transportation Supply Chain Management, and Werner Enterprises leveraging the relationship to further expand their logistics service offerings and capabilities with this prestigious anchor client.