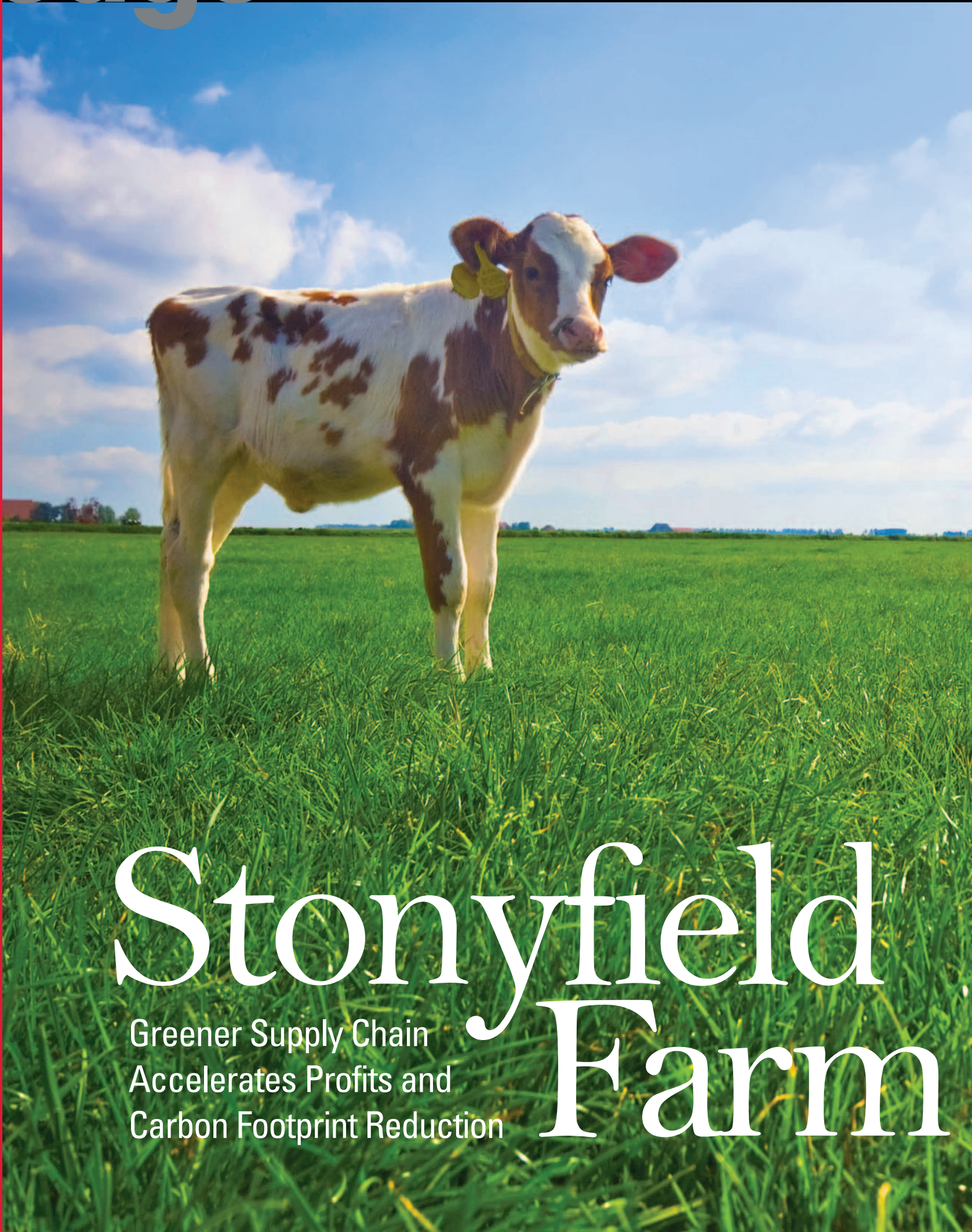


edge

a Ryder System, Inc. publication

Transportation and supply chain
solutions for the bottom line



Stonyfield Farm

Greener Supply Chain
Accelerates Profits and
Carbon Footprint Reduction

Stonyfield

Healthy Planet. Healthy Future.



Farm



AT A GLANCE

CHALLENGE




Untangle a complex inbound and outbound transportation network, where costs were spiraling higher, and reduce the carbon footprint of Stonyfield Farm's supply chain.

SOLUTION

An integrated transportation management solution sensitive to the company's sustainability mission, and building blocks for the company's supply chain growth plans.

BENEFITS

Improved customer service; a 40% drop in the Supply Chain carbon footprint, and a 8% reduction in transportation costs. Now with a supply chain ready to grow at an accelerated pace, aggressive expansion into new markets is possible.

 *The farms that supply organic yogurt maker Stonyfield Farm Inc. with the raw materials for its products are free of toxic, persistent pesticides and chemical fertilizers.  The largest solar array in New Hampshire helps power Stonyfield Farm's Londonderry production plant, which in 1997 became the first U.S. manufacturing operation to offset 100% of CO₂ emissions from its facility energy use.  Through reuse and recycling, Stonyfield Farm keeps hundreds of tons of waste from landfills and incinerators each year. Each employee is evaluated on how well he or she supports the company's environmental mission.*



With organic sourcing, solar energy and recycling as hallmarks of Stonyfield Farm's commitment to environmental stewardship, it is no surprise that reducing the carbon footprint of its supply chain was a top priority for the 25-year-old, \$320 million manufacturer of organic yogurt, ice cream and milk.

"There are no good or bad companies when it comes to climate," says Gary Hirshberg, President and Ce-Yo of Stonyfield Farm. "We're all polluters."

"Even though we were the first manufacturer in America to offset 100% of the CO₂ emissions from our manufacturing plants, these incredible offsets amounted to a rounding error in terms of our total carbon footprint," Hirshberg acknowledges. "We realized that our supply

chain – what's coming in and going out of our plant – represents 80% to 90% of our total carbon footprint. So despite the great things we did in our plant, unless we tackled our supply chain's carbon footprint, we were nowhere."

In 2006, Stonyfield began working with Ryder's Supply Chain solutions division to do exactly that. The effort started small – with automating the freight bill audit and payment process and eliminating the man-hours and reams of paper it consumed. It soon grew to encompass end-to-end

transportation management, dedicated contract carriage and warehouse network design.

"In the last year," Hirshberg reports with pride, "my logistics team has reduced our climate footprint for logistics by over 40%. This is money in our pocket. It also makes our supply chain much more efficient."

Together, Ryder and Stonyfield Farm designed a supply chain that lowers costs and improves service while achieving the company's mission to reduce environmental impact. Their combined efforts virtually eliminated paper invoices and cut transportation mileage nearly in half, all while dramatically lowering the CO₂ emitted in the transport of Stonyfield's products.

A Passion for the Environment

America's burgeoning interest in healthy living has spurred substantial growth at Stonyfield Farm over the past few decades. The company, which 25 years ago started producing yogurt with seven cows in a leaky barn, today serves a national appetite for organic yogurt from a single production facility in Londonderry, New Hampshire.

Moving a rapidly expanding volume of goods from a single facility in New Hampshire via temperature-controlled trucks to markets that span the country meant some inefficiencies had crept into the company's transportation system. As transportation reach and expenditures grew, managing a manual freight payment process became a tangled, labor-intensive headache.

At the same time, Stonyfield wanted to overhaul its inbound and outbound transportation network to improve efficiency. This meant rethinking truckload and LTL (less-than-truckload) strategies. It also meant auditing and analyzing lanes and payment, reducing paper use and planning for the future addition of manufacturing





and distribution capacity in the western United States.

Stonyfield wanted to continue to honor its long-standing relationships with its carriers, some of which are too small even to have Internet access. Any network changes resulting from the efficiency analysis had to reflect these commitments.

And all of the decisions stemming from the operational analysis would have to be made in keeping with Stonyfield Farm's culture of environmental and social leadership.

"It all begins with passion for environment," says Ryan Boccelli, Stonyfield Farm's Director of Logistics. "What impact does any kind of strategic decision have on the environment? Everything we do leads back to that."

Carrier Management and Freight Payment

The company began by searching for a partner to help with freight audit and payment, carrier management and rate negotiation. "Ryder appealed to us because it was non-asset based," says Boccelli. "We didn't want to be locked into a carrier and have to utilize their assets. Ryder's transportation management solution, especially the freight bill and audit payment system, helped seal the deal."



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RYAN BOCCELLI - Director of Logistics, Stonyfield Farm



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GARY HIRSHBERG - CE-You, Stonyfield Farm

Like any shipper, Stonyfield was anxious to get a handle on its freight bills. But even more attractive was the idea that more comprehensive, accurate and timely data on its freight flows and expenditures would allow the manufacturer to better understand its network and apply engineering and modeling to streamline its supply chain.

“The scope of services that Ryder provides is much more in-depth,” Boccelli says. “We understood that we could use Ryder expertise for other solutions.”

Stonyfield completed its rollout of Ryder’s freight bill audit and payment and carrier management service in October, 2006. Just two of the company’s eight carriers were under contract, so among its first moves was to negotiate deals with the remaining carriers, then set them up with Ryder’s software to facilitate electronic data interchange (EDI) transmission of invoices. Within a month, most carriers, including additional firms solicited by a Ryder-managed procurement process, were sending invoices electronically.

Ryder’s nationwide access to and relationships with carriers helped secure temperature controlled service, which often is in limited supply. Stonyfield Farm’s New England location compounded this scarcity, making it dif-



difficult to find capacity and creating a seller's market. (New England is a large inbound freight market, but produces a much smaller volume of total outbound freight to the rest of the country. This creates a freight flow imbalance, which in turn makes the market less attractive to carriers who worry about not being able to fill backhauls out of New England).

"We helped resolve this potential capacity shortage situation by giving carriers outbound freight from New England across their networks – regional and national – from other Ryder accounts," observes Mark Swenson, Vice President, Business Development at Ryder. "This made it attractive for carriers to come into New England to serve Stonyfield."

On the freight payment side of the transportation equation, prior to using Ryder, every time Stonyfield tendered a truck shipment, it would receive a paper invoice from the carrier. An internal staff member would code that invoice for payment, a process that typically consumed 15 to 20 hours a week. Then another person entered that data into a database that enabled Stonyfield to track costs by customers and region – adding another 20 hours a week to processing time. Finally, the invoice traveled

to finance, where accounting staff spent 20 hours a week entering invoices into financial systems, followed by a weekly check run.

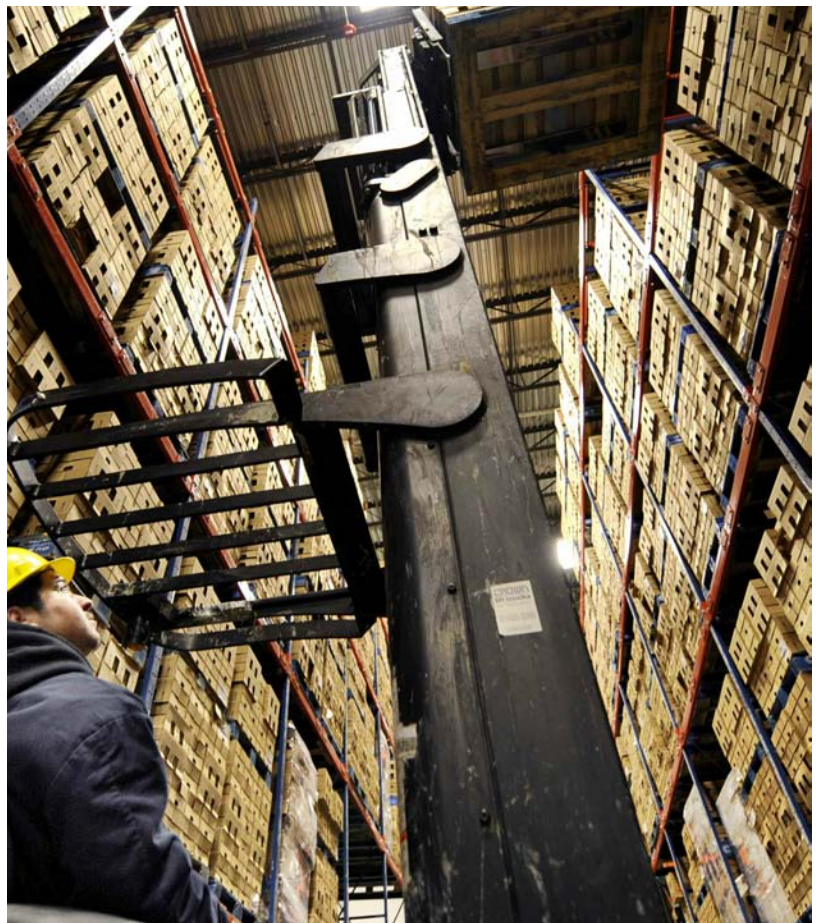
Today, all that manual processing is gone. Each night, Stonyfield transmits order-specific information about the day's shipments to Ryder, including carrier name, bill of lading number, pieces, weight, destination and other key items needed to match the invoice to shipment.

Carriers now send 96% of invoices electronically to Ryder, where they are electronically coded and matched against shipment data. Stonyfield receives a single electronic invoice weekly from Ryder, which it pays directly through wire transfer. The electronic processing system has eliminated more than 10,000 paper invoices since implementation.

Re-evaluating the Network

Within six months of launching the electronic freight bill processing system, Stonyfield and Ryder had amassed sufficient data to begin strategic analysis of the overall

REDUCING THEIR ENVIRONMENTAL IMPACT OF PLANT OPERATIONS WAS ONLY ONE PIECE OF THEIR SUPPLY CHAIN CARBON FOOTPRINT – ULTIMATELY, THEY WOULD ADDRESS EVERYTHING GOING IN AND OUT OF THE PLANTS.



“We realized that our supply chain – all the stuff coming in and going out of our plant – represents 80% to 90% of our total carbon footprint. So despite the great things we did in our plants, unless we tackled our supply chain’s carbon footprint, we were nowhere.”

GARY HIRSHBERG - CE-Yo, Stonyfield Farm



transportation network. The central question in this analysis: how could Stonyfield reduce its mileage, and therefore its carbon footprint, while continuing to reach the many distribution centers and facilities supporting its grocery, natural food, club stores and foodservice customers?

“In the past we had two methods of shipment: full truckload and LTL service,” reports Boccelli. “The latter delivered to a pool point, where the LTL carrier picked up five truckloads on Tuesdays for LTL distribution the following week within their network.”

“Once we had real data,” he continues, “we looked at other transportation methodologies – like multi-stop truckload. Instead of shipping out individual LTL shipments to smaller customers, each incurring additional mileage and generating carbon emissions, we consolidated those shipments into a multi-stop truckload route serving these same customers’ distribution centers.” That strategy had a dramatic impact on both freight costs and carbon emissions:

- ▶ Mileage dropped nearly 40%;
- ▶ Costs declined 8% in 2007 compared to 2006;
- ▶ Product weight shipped per truck has increased (thanks to better load planning and shipment consolidation) plus reduced-miles-traveled added up to significantly lower CO₂ emissions, with absolute emissions reduced by 40%.

“This was a tremendous win for us,” Boccelli says.

Shifting to Dedicated Contract Carriage

In addition to re-configuring its for-hire trucking processes, Stonyfield decided to outsource its private truck fleet operations to a Ryder dedicated contract carriage solution. The company utilizes this fleet to do two things – bring raw materials into its manufacturing plant and service customers within a 250-mile radius of the plant.

In support of the company’s mission, Stonyfield wanted to upgrade the fleet to “green” engine and vehicle specifications. The company turned to Ryder to pair cutting-edge tractor-trailer engineering with driver training to promote



savings. The tractors in the dedicated contract carriage program comply with the specifications identified by the U.S. Environmental Protection Agency (EPA) in its SmartWay Transport Partnership program. The SmartWay program is an innovative collaboration between EPA and the freight industry to increase energy efficiency while significantly reducing greenhouse gases and air pollution. SmartWay-approved equipment, such as aerodynamic bumpers and mirrors on a tractor, together with SmartWay approved truck engines, can reduce fuel consumption and engine emissions substantially – often in the double digits.

“We were one of Ryder’s first customers to order the new ‘green’ spec’d highway equipment,” Boccelli explains. “It clearly demonstrates our commitment to the environment, to our customers and to our suppliers.”

Ryder’s dedicated contract carriage solution has led to an estimated 13% transportation cost reduction and 7% decline in carbon footprint for the Stonyfield fleet. To further improve this statistic, Stonyfield is investigating establishing agreements with other local manufacturers to use excess capacity of its contract carriage fleet for their inbound and outbound freight, and is considering use of tandem trailers.

The rich trove of freight data now collected by Stonyfield enabled the company, with Ryder, to identify where it was making the most impact on emissions.

Based on the results of the F.L.E.E.T. (Fleet Logistics

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RYAN BOCCELLI,
DIRECTOR OF
LOGISTICS,
STONYFIELD FARM
AND RENE SHERMAN,
CUSTOMER
LOGISTICS MANAGER,
RYDER DISCUSS
STRATEGIES.

Energy and Environmental Tracking Performance Model) analysis, Stonyfield works with each customer to adjust inefficient delivery frequencies, minimum order volumes, and other metrics to positively impact supply chain costs and carbon output. Ryder and Stonyfield take the overall carrier modeling results and drill down to the customer level in order to calculate the company's carbon footprint on a per-customer basis.

"Establishing that customer baseline was critical to improving our carbon footprint," says Steve Inamorati, Vice President of Supply Chain and Logistics at Stonyfield, "We validate our reduction in emissions against it."

Ryder also performed a distribution center network analysis to determine where to locate distribution

service," explains Swenson. "To prevent the solution from becoming obsolete, we looked at 2012 projected demand across the country."

A Model for Change

Ryder's work with Stonyfield Farm has not only delivered on both cost saving and carbon footprint reduction goals, but has become a model for others seeking to attain similar environmental impact.

"It doesn't take a rocket scientist to understand that if you reduce your miles driven and you get better mpg, you reduce your carbon footprint," notes Boccelli.

"What's key, though, is measuring down to the individual customer level so we can work with each one on delivery



centers to support manufacturing in the western United States. The carbon footprint impact was a key part of the analysis, in addition to mileage and operating cost reductions. Ryder produced a variety of network designs that included:

- ▶ Two plants, two distribution center model;
- ▶ Two plants, four distribution center model;
- ▶ Single plant, multiple distribution center model.

The projected mileage reductions range from 30% to 50%.

"We assessed Stonyfield's current demand across the United States, with the goal of trying to bring distribution centers closer to demand so as to keep pace with demand growth and improve product fill rate and customer

frequency minimum order volumes – the factors that really affect transportation."

"We are trying to get people to understand ways to reduce their carbon footprint, and understand that it doesn't have to be exclusive of saving money," stresses Inamorati. "Those two goals are absolutely aligned."

Stonyfield Farm's CE-Yo sums up the importance of addressing supply chain "green" issues: "In my 25 years in business, logistics was an unavoidable consequence," Hirshberg notes. "At \$100+ for a barrel for oil, it's no longer a negligible number."

"A greener supply chain is not just a moral opportunity," he concludes, "It is a huge business opportunity." **e**



“We consolidated shipments into a multi-stop truckload route serving customers’ distribution centers. That strategy had a dramatic impact on both freight costs and carbon emissions.”

RYAN BOCCELLI - *Director of Logistics, Stonyfield Farm*

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Ryder offers a complete array of leading-edge logistics, supply chain and transportation management solutions worldwide.

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