



## CASE STUDY

# Large Midwest Dairy Cooperative Saves \$1M in Plant-to-Plant Hauling Cost with Ever.Ag's Commodity Managed Services

Partnership Delivers Load Coverage and Streamlines Hauler Pay



### COMPANY OVERVIEW

A large Midwestern dairy cooperative has almost 1,000-member farms with annual milk production of 6 billion pounds. With a dozen cheese, ingredient, and balancing plants, it is one of the nation's largest shippers of cream, skim, and whey products.

### CHALLENGES

- Extreme daily load volume volatility and short lead time
- Inability to reliably secure hauling
- Above-market hauling rates
- Lack of transparency in process and costs

### OBJECTIVES

- Ensure load coverage, despite market volatility
- Reduce haul rates to match competitive levels
- Improve process efficiency and transparency

### RESULTS

- Implemented a program accounting for hauler contracting, scheduling, spot coverage, and payment
- Reduced haul rates by 14% – a savings of over \$1 million annually
- Reached nearly 100% load coverage
- Improved 360-degree hauler scorecard, including reliability, flexibility, and cost





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## ABOUT THE COMPANY

A large Midwestern dairy cooperative has almost 1,000-member farms with annual milk production of 6 billion pounds. It operates a dozen cheese ingredient and balancing plants and is one of the nation's largest shippers of cream, skim, and whey products—moving nearly 20,000 loads per year internally and externally. Its largest balancing plant, with 5,500 loads per year, was a big hauling challenge.

## CHALLENGES

The cooperative faced a worsening situation involving hauling and plant operations, including:

- Volatility in daily load volume and short lead time
- Increasing hauling costs
- Inability to secure load coverage
- Lack of transparency in process and costs

One of the cooperative's largest balancing plants serves as its greatest hauling challenge. Loadouts from the plant swing between three and 30 loads per day. Most loads ship hundreds of miles with less than a 36-hour notice. Haulers buffering the load volatility were left with underutilized assets and unhappy drivers.

Furthermore, driver shortages wreaked havoc on hauling capacity. In 2020-21, the cooperative often scrambled to ensure load coverage. Plants faced uncertain load coverage and had to juggle loads and occasionally dump product due to the inability to secure hauling capacity. Most importantly, the cooperative urgently needed to address hauling rates, which were 14% above regional averages.

Additionally, the lack of transparency in processing and transportation endangered the cooperative's ability to account for costs for their member-owners. As a result, it needed visibility into haul costs and processes and to be directly involved in key hauling decisions.

Previously, a third-party logistics provider worked with the cooperative at its shipping plant to solve hauling procurement and daily dispatch problems. The collaboration resulted in visibility gaps, including a line of sight to actual hauler rates and why haulers were assigned specific loads. Furthermore, redundant schedules maintained by the cooperative and the logistics provider were often out of sync, causing loading delays, detention, cancellation charges, and hauler pay validation gaps.

*"We faced a heck of a hauling challenge with our balancing plant. We needed a great partner to deliver a win in terms of service to our plants and cost savings for our members."*

– COOPERATIVE MANAGER





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## OBJECTIVE

Cooperative leadership was determined to improve service and minimize costs for their farm member-owners. They partnered with Ever.Ag to implement Commodity Managed Services to:

1. Ensure all loads are covered
2. Reduce haul rates
3. Eliminate process inefficiencies
4. Streamline load validation and hauler pay

## SOLUTION

The cooperative needed a new plan. To start, the Ever.Ag team partnered with customer hauling leadership to devise an innovative approach to the hauling challenges at the balancing plant.

As an initial step, Ever.Ag implemented a competitive bid process, awarding contracts to a core group of haulers. By bundling hauling lane awards and providing minimum daily load guarantees, haulers were assured of steady, predictable business and full driver and equipment utilization. With this program, if the cooperative fails to assign the minimum load count, haulers receive “truck-not-used” payments sufficient to compensate drivers, pay fixed equipment costs, and replace lost profit. Therefore, winning haulers can afford to commit capacity to the cooperative and keep it available until it is needed.

In addition to securing contract business through the competitive bid process, winning haulers get the “right of first refusal” on loads above the contracted minimum. Allowing this option provides contract haulers with an inside track to generating revenue with any available capacity. In return for providing operational and financial predictability to contract haulers, the cooperative sought and received significantly lower hauling rates.

As a part of its Commodity Managed Services, Ever.Ag took responsibility for load assignment, load coverage, and hauler pay, adding resources to ensure night, weekend, and holiday support.

The cooperative also adopted Ever.Ag's Trading Exchange scheduling, trading, and transportation platform, giving immediate access to over 400 dairy haulers and improving communication timeliness and accuracy between plants, haulers, and load coordinators.

To further streamline hauler pay, Ever.Ag revamped the payment process. The new process collects actual plant ship and receipt records from the cooperative's ERP. The records are validated against scheduled shipments from Ever.Ag's Trading Exchange, base rates and fuel surcharges are applied, and haulers are paid via EFT.

Further driving optimal hauling performance and efficiency, the cooperative reconciles ship and receipt records against Ever.Ag's scheduled times to populate Hauler Scorecards. These scorecards include metrics for on-time performance, acceptance of load minimums, coverage of extra loads, and cost, which Ever.Ag uses in quarterly performance reviews with all contract haulers.





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## RESULTS

After nine months of operation, cooperative leadership has declared Ever.Ag's Commodity Managed Services program a success. Load coverage has been close to 100%, and cost savings exceed \$1 million annually.

The cooperative's hauling rates are down considerably by 14% on average. While effective in keeping hauling capacity available, minimum load guarantees have resulted in relatively small "truck-not-used" fees – less than 1% of haul spend. By allocating loads optimally, Ever.Ag's dispatch approach minimizes the total haul spent each week.

Ever.Ag's Trading Exchange platform and integrated load board have been key to improving daily load coverage and eliminating miscommunication with haulers.

In addition to enhanced load coverage, integrating data from Ever.Ag and their ERP has streamlined hauler pay, further providing confidence to both the cooperative and haulers that pay is efficient and accurate.

Finally, KPIs and the quarterly review process have improved service and savings every quarter, further providing confidence among members that cooperative leadership is successfully navigating the challenging hauling environment.

*"With Ever.Ag, we have the cost and process visibility we were looking for. Market data shows me exactly how competitive we are with every lane and hauler, and I know how reliable each hauler is. I am comforted knowing I am doing my job for the co-op and our customers."*

**-COOPERATIVE MANAGER**



## EMPOWERING SUPPLY CHAINS TO FEED A GROWING WORLD

CONTACT US TODAY!



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