

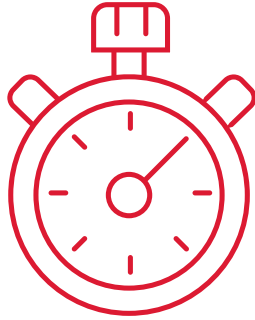
LEAN  
WAREHOUSES  
SIMPLIFY  
COMPLICATED  
DISTRIBUTION

Effectively addressing the issues of wide-ranging and complex distribution for companies that operate 24/7 in multiple locations throughout the U.S. takes a holistic and custom-made approach. This prioritizes and delivers the simplification of supply chain processes and operational efficiency in each one on a constantly improving basis. If managed correctly, businesses can achieve cost savings at the same time. Savings at the granular level help increase margins that are particularly under pressure in industries like Food & Beverage. This report illustrates how leading packaged food retailer Conagra Brands was able to achieve both greater efficiency and cost savings by using a combination of supply chain and dedicated transportation solutions by partnering with Ryder.



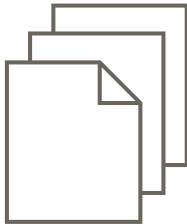
# THE OUTSOURCING DIFFERENCE

With Ryder, Conagra Brands has achieved:

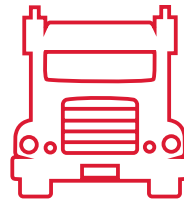


99%  
On-time Delivery

29% Reduction  
in Cost per Case

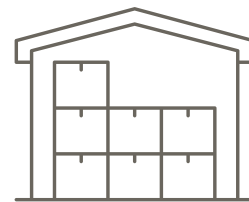
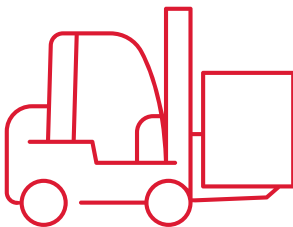


99.6%  
Order Fill Rate



350+ dedicated fleet shuttle  
runs from plant to a single  
distribution center per week

Improved pick productivity from 600  
to 1,600 cases per labor hour



80+% of U.S. product displays  
built at Ryder-run facilities

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Imagine the intricate logistics challenges that Conagra Brands must face every day. The Fortune 500 company, with annual net sales of about \$8 billion, is one of North America's leading packaged food firms. It owns a wide array of brands found in grocery, convenience, mass merchandise, and club stores – with many of them being top performers in their categories.

Conagra has produced some of America's favorite brands: from Marie Callender's, Healthy Choice, and Hebrew National to Peter Pan, Orville Redenbacher's, Egg Beaters, PAM, Chef Boyardee, plus many more. Owning all of these brands requires that Conagra regularly keep track of millions of stock keeping units (SKUs). Distributing all these products means funneling and delivering them in hundreds of different directions on a daily basis to meet the specific requirements of consumers buying them in thousands of locations throughout the nation.

How does Conagra get all of these products where they need to be when they need to be there for the consumers who depend on them?

"It's a process," says Keith Furhman, Conagra's Senior Director of Warehouse Operations. Most importantly, it's a LEAN process, he notes.

"We move more than 1,000 trucks a day and we're working with many different 3PLs (third party logistics providers). At one point, we felt it would be more efficient to deal with as few as possible. It's a real challenge to work with multiple providers and we needed to simplify that to function more efficiently. But we needed to make sure that whoever we partnered with could bring value to us and be a good, collaborative partner. We didn't want a customer relationship; we wanted a partner. And that's why we chose Ryder," Furhman says. "The goals were to offset the cost of inflation and drive incremental productivity every year."

In 2002, Chicago-based Conagra began its partnership with Ryder, giving the company management of some of its warehouse processes. Conagra expanded the partnership in 2016 awarding Ryder the management of all of its warehouse operations for the distribution of its dry products (those not refrigerated or frozen) via Conagra's centers located in Frankfort, Indiana; Fort Worth, Texas; Knoxville, Tennessee; Milton, Pennsylvania; Jacksonville, Florida; Modesto, California; and Ontario, California. Ryder also provides a dedicated transportation fleet of five trucks and 10 drivers to move products on a 24/7 basis from its plant to its distribution center in Pennsylvania. The trucks complete an average of more than 350 local runs a week.

To exceed Conagra's goals of creating an efficient warehouse operation with cost savings built into the process, Ryder provides Conagra with a customized supply chain solution that includes implementing LEAN to create a culture of continuous improvement, engaging and empowering the workforce, and ensuring a more effective distribution and operations process.

The LEAN philosophy of leadership, teamwork, and problem-solving that Ryder implements is based on Ryder's values, principles, and management processes that result in continuous improvement throughout a customer's organization by focusing on the needs of the customer's customer, empowering employees, and optimizing existing activities in the business. LEAN practices improve safety, quality, and productivity, while cutting costs and eliminating waste.

LEAN's main focal point is the Managing for Daily Improvement (MDI) board. It's where the team lead and supervisors meet to review results, issues, and countermeasures that ensure customer demands are met.

For Conagra, implementing a LEAN culture means Ryder continually engineers processes in which nearly 500 staff flow products through a supply chain that is custom-created to work at top levels of efficiency. Each step is constantly re-evaluated to address any loss of time or inefficiency.

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“You want to be in business with a company that will look out for your best interest – to look after your business as if it were theirs. And not be a customer. Build a relationship with that partner, like we did with Ryder.”

– Keith Furhman,  
Conagra’s Senior Director of Warehouse Operations

Each month, Conagra and Ryder review the centers’ productivity and financial metrics, and together decide where the opportunities for improvement are and how best to make them, says Amro Elsabbagh, Group Director of CPG for Ryder.

“LEAN is now part of our best practice,” Furhman says. “It perfectly aligns with our priorities of service excellence, cost control, and people continuity. Every year we meet our goals.”

LEAN supports Conagra’s service excellence goal, which is currently 99 percent, by helping the company get customers what they ordered, on time, and in the condition they need it across multiple locations.

LEAN also allows Conagra to control costs.

“It’s hard to make margin, and supply chain costs can eat up that margin. Productivity and the cost of materials are part of that,” Furhman says. “The improvement in those areas with LEAN helps us offset the cost of inflation and reduce our overall operating expenses. For years, our cost per case has been going down every year.”

Conagra’s goal of people continuity is also met with Ryder and LEAN, he adds.

“There isn’t a constant parade of new people. People are learning and getting promoted – they are developing their talent. One of the great things about LEAN is that, if there’s a problem, it’s a learning opportunity, and it isn’t repeated,” Furhman says. “Our employee attrition rate is very low, especially in important key positions that are customer-facing.”

Conagra has become a more reliable shipper with Ryder, he adds, and this has made a real difference with carriers.

“We always get comments about how good we are for delivery on the dry side of the business,” Furhman says.

“This makes it much easier to collaborate with truckers who know we won’t burn up their time waiting. They can depend on the loads being ready for them and we can depend on their willingness to get those loads where they need to be.”



Perhaps best of all, Conagra and Ryder are true collaborators, Fuhrman adds: Conagra has recognized Ryder within its network with its “Best of the Best” award, and Conagra facilities have the highest safety rating in the Ryder network.

“We challenge each other to get better and better results; we go down the path together. Because we keep careful track of the metrics and understand each step in our process, we know any loss that is happening and how we can prevent it in the future,” Fuhrman says.

Fuhrman also is a member of the Ryder Food & Beverage Customer Advisory Board, which brings together an exclusive group of thought leaders from a cross section of the sector to consider and address the future needs of the industry.

## About Conagra Brands

Conagra Brands, Inc. (NYSE: CAG), headquartered in Chicago, is one of North America’s leading branded food companies. Guided by an entrepreneurial spirit, Conagra Brands combines a rich heritage of making great food with a sharpened focus on innovation. The Company’s portfolio is evolving to satisfy people’s changing food preferences. Conagra’s iconic brands, such as Marie Callender’s®, Reddi-wip®, Healthy Choice®, Slim Jim® and Orville Redenbacher’s®, as well as emerging brands, including Alexia®, Blake’s® and Frontera®, offer choices for every occasion. With an ongoing commitment to corporate citizenship, Conagra Brands has been named to the Dow Jones Sustainability™ North America Index for six consecutive years. For more information, visit [conagrabrands.com](http://conagrabrands.com).

## About Ryder System, Inc.

Ryder is a FORTUNE 500® commercial fleet management, dedicated transportation, and supply chain solutions company. Ryder’s stock (NYSE:R) is a component of the Dow Jones Transportation Average and the Standard & Poor’s 500 Index. Ryder has been named among FORTUNE’s World’s Most Admired Companies, and has been recognized for its industry-leading practices in third-party logistics, environmentally-friendly fleet and supply chain solutions, and world-class safety and security programs. The Company is a proud member of the American Red Cross Disaster Responder Program, supporting national and local disaster preparedness and response efforts. For more information, visit [ryder.com](http://ryder.com), and follow us on our Online Newsroom and social media pages: Facebook, LinkedIn, Twitter, Instagram, and YouTube.

In the near future, Fuhrman would like to roll out LEAN to all of Conagra’s distribution sites, and advises companies considering outsourcing aspects of their supply chain to carefully consider the character of any 3PL they are interviewing.

“Of course you will do the risk and reward exercise,” he says. “But trust is the big issue. You want to be in business with a company that will look out for your best interest – to look after your business as if it were theirs. And don’t be a customer. Build a relationship with that partner, like we did with Ryder.”

