

Getting To The Source of The Matter:

How One Company Increased Sourcing Capabilities and Doubled Productivity By Changing Its Third Party Logistics Partner

OTC-USA, a young and dynamic organization that specializes in the import, export and distribution of organic vegetables and fruits, works to supply wholesalers and supermarkets with organic produce 365 days a year. Combining a sophisticated program of cultivation and harvest supervision with exclusive international grower contracts, OTC-USA ensures that each client receives the highest quality and best service possible.

Since it's beginning, OTC-USA has expanded into one of the leading organic vegetable and fruit specialists in the country. Stemming from European sister-company, OTC-Holland, the company began with import and export activities after a merger between Tellus and Tradin Organic Agriculture. With years of expertise in organic produce already behind them, OTC-Holland and OTC-USA were born. "At OTC-USA, we're an extension of growers all over the world," shares Marco Brakkee, Vice President, OTC-USA, Inc. "Building and keeping trust is the backbone of our operation. In order to achieve success – not only internally, but more importantly for our loyal growers and wholesalers – quality sourcing must connect with quality partners."

Commitment to Quality Sourcing

A primary goal of the OTC-USA operational model is to develop and maintain solid business relationships with international USDA-certified growers of fruits and vegetables. Achieving this goal is imperative for the organic produce distributor because strong grower relationships solidify OTC-USA's ability to participate in industry supply and demand. In order to do so, significant time must be spent cultivating relationships and gradually building trust with growers who

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are near-strangers. “It’s method of trust, of course,” tells Brakkee. “It’s a difficult task in getting good suppliers from locations like New Zealand or Argentina, for instance, because building personal trust is a delicate yet imperative component of our business relationships. In fact, growth is impossible without it.” For this reason, the executives at OTC-USA are always on the lookout for ways to minimize extraneous billable hours and maximize cost efficiency.

The process of building relationships with international growers and determining their USDA certification is not as quick and simple as it may seem. Paperwork must be filed, the US government must recognize each qualified grower with a certification report, the grower must ship his produce overseas, etc. The task can be long and arduous. Taking an extra step of precaution (and pride), OTC-USA does their own quality control and laboratory tests on shipments when they first hit American soil. “We check the food for residue to fully ensure that it is, in fact, organic,” Brakkee notes. “Strangely enough, this practice isn’t a US mandate. Despite the added time investment, it’s an extra measure of safety and scrutiny that we won’t be skimping on anytime soon.”

An Opportunity Ripe for the Picking

Although OTC-USA constantly strives for high food quality, at the time, the company sought a new third party logistics partner in the quest for better shipping *management*, which was vital for growth. “Our previous warehouse partner supplied little value other than shipping from point A to point B,” Brakkee says. “We were looking for a third party logistics partner that would offer reliable shipping plus an in-house quality control unit and smart professionals who know their stuff.” In particular, OTC-USA was looking to transfer hours spent in logistics over to sourcing – both international and domestic – as well as simplify the chain of communication.

There was a lot of red tape for OTC-USA to cut through however, even with a small request or update to the last shipping partner. Reflecting back, Brakkee

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points out that “we needed to get someone unassociated with the warehouse *into* the warehouse to get any legitimate answers. It was a very difficult process.”

Eager to capitalize on new opportunities, as well as realizing the mounting issues with their current third party logistics partner, Brakkee began looking for a new warehouse ally. Already in the business of developing strategic relationships, the organic trade company went about this as they would when finding a grower... carefully. Considering all options, OTC-USA eventually made the decision to entrust this imperative aspect of their operations to Sunrise Logistics. The hope was that Sunrise Logistics produce handling and reporting expertise would improve retailer relationship and subsequently allow for reallocation of manpower hours.

Superior Supply Chain Solutions

At the onset, Sunrise Logistics entered their partnership with OTC-USA with a can-do attitude that had been absent before. Providing in-house quality control, pressure measurements, spur of the moment count and quality, as well as other value-added services, Brakkee pointed out “when Sunrise wasn’t there, we needed somebody to take control of transport and to look at the inventory every day. Productivity was lost. Then when Sunrise Logistics came on, the operation got more and more simplified because they do all the bulk iteming – from managing quality control to shipping to inventory – they do it all. This is a great partnership.” Being able to focus greater attention on sourcing, thanks to Sunrise Logistics, has brought around a great sense of trust for OTC-USA’s Brakkee as well. “Sunrise has taken on the man power and responsibilities that previously kept valuable sourcing work from being done.”

Paying special care with quality control is also a vital component of OTC-USA’s success. Now, the new third party logistics partner takes care of everything in one straight pick up. “Sunrise really checks quality and they

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know what they're talking about," Brakkee mentioned. "We missed that in our last warehouse. Now I just call Sunrise and I say 'I want to know the quality of that pallet' and thirty minutes later I have the results on my desk." At the core, Sunrise has freed up OTC-USA to spend more time in their most important endeavor, sourcing.

The Dawning of a New Day

Within days of integration, Brakkee and his team saw an immediate improvement in operational efficiency – which was the green light needed before they could invest additional and much-needed hours in their number one category, sourcing. "All the hours and time saved now with Sunrise allows us to invest further into sourcing. It's not only getting food into port of course, but also putting manpower into sourcing food from around the world. These are time-intensive items we couldn't have accomplished without them."

In Europe, OTC is one of the biggest importers of organic food – and OTC-USA is well on its way to holding the same title across the pond. Increased sourcing hours, due to Sunrise's far-reaching logistics capabilities, has translated into stronger grower relationships, greater profit and a 50% increase in company-wide productivity. "Sunrise Logistics, they've become a very important key to our success," reflects Brakkee. "For us... they're friends amongst business partners."

About Sunrise Logistics

Sunrise Logistics, Inc., based in Ephrata, PA, is a full service provider of logistics services specializing in delivering customized supply chain solutions. As a member of the Four Seasons family of companies, exceptional partnerships are a critical pillar of the Sunrise Logistics foundation. Value-added services such as

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climate controlled storage areas, consolidation and forward distribution, reliable temperature controlled transportation services, inventory management, forecasting and more make Sunrise Logistics the ideal supply chain partner. Rooted in service and integrity the Sunrise Logistics team has a long history of in-depth experience and takes pride in building strong partnerships. For more information on the company, visit [□ HYPERLINK "http://www.sunriselogisticsinc.com" □ www.sunriselogisticsinc.com □](http://www.sunriselogisticsinc.com).