

# CanGro Foods

Toronto, Ontario

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## Client Overview

With \$300 million (CDN) in sales, CanGro Foods, Inc., headquartered in Toronto, Ontario, is a leading Canadian grower, processor, and canner of these premier brands:

- Aylmer tomatoes, vegetables, fruits, soups, and beans
- Primo Soup
- Ideal Vegetables

The company also holds perpetual Canadian licensing rights for a number of Del Monte products, including canned and jarred fruits and vegetables.

## The Challenge

Five grocery brands from Kraft Canada had recently been organized under the name CanGro Foods, and Tompkins Associates was asked to help them establish the business. A new company without a coherent supply chain, CanGro needed to establish warehousing and transportation operations and decide whether to take the necessary functions in-house or to outsource. Outsourcing of some distribution operations in the grocery manufacturing industry is not unusual; however, very few companies hand off management of the entire network.

## The Solution

This project transitioned through three phases:

- **Phase I** involved performing due diligence for the acquisition and determining the best methods for managing the new supply chain. Tompkins provided advice on the viability of the acquisition and recommended that all warehousing and transportation be outsourced.
- **Phase II** executed on recommendations made in the initial phase to outsource all warehousing and transportation functions. Tompkins developed a list of potential providers, prepared and released an RFP for the required services, analyzed and rated the responses, and recommended a single provider for all aspects of the operation.
- **Phase III** completed the project with implementation of the recommended solution from Phase II – a single 3PL provider for the entire operation. Once the 3PL provider was selected, Tompkins proceeded to act as project manager for the implementation of the solution and coordinated between the chosen vendor and client CanGro.

**The Results**

The CanGro grouping of products was under-managed within the existing supply chain structure. By assigning the business to a 3PL provider with core competencies in both warehousing and transportation — with the technology resources to tightly manage the operation — Tompkins helped CanGro reduce labor requirements and costs while increasing flexibility and productivity. It is estimated that CanGro's annual savings will be in excess of \$1 million. Identified cost saving initiatives to increase order size, among others, will benefit customers with greater sales incentives and reduced freight costs.

With the distribution activities successfully outsourced, the company can now focus on growing the core business of manufacturing and on improving products. CanGro is already meeting one of its goals—to reduce distribution costs. With the right outsourcing agreement in place, they can now stabilize themselves in the market and begin to grow.