

# What Keeps you up at Night?

## 7 Logistics Challenges, and How to Solve Them

How leading edge companies overcome these challenges and improve their bottom line.

There is no doubt these are challenging times. With a consistently tight economic climate business owners are finding it increasingly difficult to stay profitable. And throughout it all consumers continue to spend less, and businesses are looking to cut costs. But just where, and how, do you begin to save?

Should you increase prices to customers, or possibly reduce employee count? There must be a better way to operate—and cut costs—ultimately easing the pressure on your bottom line and giving you the advantage needed to be successful.

For those in transportation daily obstacles, such as managing fuel costs, providing superior customer satisfaction, improving driver and resource productivity, and maintaining healthy business growth, keep executives up at night.

So let's address these challenges and figure out how to get you some more sleep!

### 1: The Economy

The current financial crisis, a high unemployment rate, and decreases in consumer spending have impacted profitability for businesses across the country. Gloomy as this may appear, this experience has brought about an important realization: companies must look for ways to remain more agile towards possible fuel spikes, or other economic shifts in the future. What is the call to action for transportation businesses now? Make a commitment to cutting costs to prepare yourself for the opportunities ahead.

A company that can provide for customers without increasing prices or sacrificing service—is the company that will realize long-term financial success.

What if you could reduce transportation costs? Start by reducing fuel consumption by running fewer miles, which in turn can reduce the amount of trucks on the road allowing you to maximize your available capacity and increase customers using fewer resources. However, to accomplish such a feat you need to reduce miles by optimizing routes, then you can increase how much product is on each vehicle and maximize the number of stops per route.

According to the U.S. Department of Energy gas mileage decreases rapidly at speeds above 60 mph. You can assume that for every 5 mph driven over 60 mph you're paying an additional \$0.21 per gallon for gas.

### 2: Locating Vehicles

How many times have you asked yourself—where's my driver? Better yet, how many times has a customer asked? Not knowing where your vehicles and drivers are at every point in the day can negatively impact your business. Customer service resources are soaked up and customer satisfaction levels decrease. Not to mention being unable to contact your drivers for emergency situations such as road construction and traffic, or last minute orders can waste time and money while increasing frustration levels for everyone involved.



Given mobile technology and the availability of GPS and texting, the solution is simple and can be very cost effective. No more calling your drivers on their cell phone to get their perception of the progress they have made on their route. No more trying to anticipate which customer might be the next delivery and ask them to ask your driver to give you a call when he or she arrives. Now, multiply this by the number of routes you run every day. Does this sound like a good business solution to you? Mobile carriers are providing competitive rate plans for new features and working with mobile application and fleet management providers as well as hardware manufacturers to get technology into fleet operations.

### 3: Wasting Resources

Each day businesses waste resources, mostly money and time. For instance, each time you send vehicles out on the road your cost barometer starts to spike, and when you send them without a plan, unnecessary miles are accumulated—which greatly increases the money spent on driver overtime, vehicle repairs and customer service issues.

To do more with less, you must be innovative and visualize your operation in the harsh light of reality. There's always room for improvement whether it is how you load your vehicles, what order you sequence your stops, or what commitments you choose to make to your customers. Think about this: What if productivity could increase by even just one stop per route? You could potentially eliminate one or more routes per week and take advantage of major savings in driver and vehicle resources.

The first step in reducing excessive vehicle costs and overtime is to make sure you have an efficient route plan for your drivers to follow. Next, make adjustments to achieve better utilization of your total available capacity by boosting the amount of product carried or the number of stops handled per day with your current workforce. This can be done during the process of route optimization. And finally, manage performance by collecting route information and measuring it against your plan to ensure you get the improvements you are looking for.

### 4: Growing Your Business

Competition is intense in a tight economy where margins are razor thin and as a result many businesses either flourish or fail. How do you grow your business and stay competitive, while minimizing spend? Traditionally, the question has been answered by making

a large investment in purchasing more vehicles to service those customers. But, is this added expense an effective way to service new customers, does the benefit outweigh the investment? The key is setting yourself apart from the competition and growing your business without increased spending.

Most companies that utilize vehicles to deliver or perform services have route inefficiencies such as excess mileage, inaccurate service times, under utilized vehicle capacity, or improper customer and driver expectations. Many managers know about how long a route should run or a stop should take to be serviced, but few can compare these hunches to reality. Alone, the fact that inefficiencies exist and managers are aware should be enough to take action and represents an opportunity to generate additional revenue. Route optimization software could add one to two more stops per route. If each of your routes have 10 stops and you can add 2 more stops to each route that is the equivalent of growing your business by 20% without increasing spending.

What is the other sure fire way to ensure you meet your growth plans? Differentiate your service levels and ensure you're providing customers with accurate delivery times—this gives them reassurance that if they call you, they will get accurate answers. It is critical that your customers can count on you to deliver what you promised when you promised it. That trust will keep you ahead of the competition

### 5: Being Proactive Instead of Reactive

Last minute orders, accidents on the road, changing weather conditions—all of these situations occur at some point, it's just a matter of when. Unanticipated, reacting to any of the above can cause chaos—not only to the people in the midst of it, but to your reputation and profitability. How prepared is your business to efficiently manage these circumstances?

You can quickly become proactive by collecting real-time route information; giving you the ability to better handle unplanned occurrences. As drivers run their routes, a number of events can happen that will steer them off the plan—traffic, unexpected road closures, vehicle breakdowns or even delays at customer sites. Being able to adjust the plan in real-time when changes occur can make a world of difference for your sanity, as well as your dollars.



## 6: Driver and Equipment Safety

Is it possible that some of your drivers exceed the speed limit—or maybe you have a few that drive with one hand on the wheel while the other hand flips through the map book? Drivers not following safety standards can cause serious harm to your business; including speeding, accidents and hours of service violations which can expose you to hundreds of thousands of dollars in insurance expenses, fines and penalties.

Encouraging your drivers to obey traffic and other laws is one thing, but ensuring that these laws are followed is another. It is imperative to find out which drivers are not paying attention to safety requirements in order to minimize accidents, reduce workers compensation claims, curtail insurance liabilities and increase driver retention. It all comes back to having information about your routes and knowing how to use that information to improve your business. Handle hours of service and other issues before drivers get behind the wheel to leave the depot. Ensure that your drivers have detailed directions that match the route plan and eliminate the need to shuffle through maps.

## 7: Bottom Line Visibility

You know how much it costs your customers for your services, but do you know how much it costs you to service each of your customers? Are the deliveries you're making profitable, or are you losing money? For the majority of fleet operations the 80/20 rule applies, 80% of the revenue is accounted for by 20% of the customers; with this in mind—major recoveries can be made if route planning is viewed in tandem with these percentages..

The key is to understand that what happened in the past can help identify what may happen in the future. Quantifying all of the data you've collected over the years will significantly help you understand your operation's strengths and weaknesses. Use whatever data you have available, collect and evaluate it to ensure you make the best decisions based on facts about past performance, instead of hunches. You can then use your findings to help with customer pricing decisions, route and delivery structures, or driver incentive plans. Look at each delivery with profitability in mind and adjust the route plan as needed.

## In Conclusion

Things are always changing - the key is to be agile and adapt to fluctuations in the economy, rising fuel prices, and demanding customer needs. And the good news; is that you can increase profitability, improve satisfaction and gain a competitive advantage even in these tough times.

Look to reduce miles driven, decrease operating expenses, minimize the amount of time spent locating drivers and increase customer loyalty by leveraging technology. With Route Planning and GPS tracking systems you have the ability to spend less time, less money, and use less resources, while delivering greater levels of service. With these solutions you can enable your business to be every bit as successful as you know it can be—and more.

Incorporate the knowledge you have from how your operation runs today, define where you want to go tomorrow and set a new standard of excellence that will bring you great success.



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## Getting More from Your Technology Investment

The Omnitracs Alliance Program facilitates integration of Omnitracs solutions with other leading companies that provide complementary technologies and services. This program taps into the power of integration in order to best meet the needs of our shared customers.

We offer Omnitracs Professional Services to all sizes of fleets to help you utilize our applications and our partners' applications in the most efficient way. Our assessment, integration, custom development and programming, training, business intelligence, and predictive modeling services deliver practical solutions. This critical information increases your productivity and efficiency, so you can both grow and differentiate your business.

The Omnitracs Services Portal provides access to a suite of web-based fleet management applications, including satellite mapping. Data from the Services Portal can be integrated into your existing enterprise systems.

## About Omnitracs, LLC

Omnitracs is the global pioneer of innovative and comprehensive fleet management solutions transforming the transportation industry through technology and insight. Omnitracs' more than twenty five years of leadership and experience uniquely positions it to serve the industry's needs for seamlessly integrated compliance, safety, productivity, route planning and delivery, analytics, and transportation management system solutions. Omnitracs' more than 1000 employees deliver software-as-a-service based solutions that help more than 40,000 private and for-hire fleet customers manage over 1500,000 mobile assets in more than 70 countries. Omnitracs' portfolio encompasses Omnitracs Latin America and the solutions formerly known as Roadnet Technologies, XRS Corp, Sylectus, and Omnitracs Analytics. Omnitracs is a member of the Vista Equity Partners group of companies.

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