

Aptean Routing & Scheduling

Faster Food

Why Your Delivery Fleet Determines
Whether Your Food Distribution Business
Thrives or Dies





Many Food Distributors Have Failed to Adapt to Increased Delivery Complexity

The way it was

Family-run food distributors grew by offering quality products and reliable service with a personal touch.

The way it is

That remains true today. Additionally, consumer demand for fresh food has spawned a new set of distribution requirements: more frequent deliveries, unforgiving ETA precision, and margin-squeezing efficiency.

For food manufacturers and distributors, it's no longer just about the food. Competitive leverage is gained or lost based on how efficiently you get that food to market. It's here that many small and mid-sized businesses have failed to adapt.

While large operations and new entrants to the market have embraced specialized software to automate delivery route planning and execution—many long-established regional distributors still manage increased delivery volumes and complexity with spreadsheets or basic software.

Bad idea.

The way forward

Technology does provide an answer.

Profit, cash flow and customer retention are success factors that determine your survival as a business— and are measurable with the right technology.

Ready to discover the secret to operational success? Read on to find out.





Meet Rising Customer Expectations

Amazon has raised the bar when it comes to fast, reliable delivery. Food manufacturers and wholesalers have no choice but to respond.



Meet Demand for Frequent, Precisely Timed Deliveries

Food distribution is changing because food consumption is changing.

Supermarkets, restaurants and convenience stores want more frequent deliveries of fresher products in very tight time windows. When food isn't there when people want it, sales are lost.

Your customers – those store managers and restaurant chefs – are busy people who want a “set-it-and-forget-it” product ordering approach. They want to push SEND on the order request and have 100% confidence that products will arrive at the agreed time, every time.

That's the reality of today's environment.

Elevating your delivery operation to respond to this new normal is not optional. Trying to do it without the benefit of technology is not logical.

Let's put this in perspective. Dozens of factors can impact a single delivery—from delays at previous drop points to a driver turning up late for a shift. That single delivery may be one of 20 for that driver and one of 600 for your whole fleet that day. Planning these multi-stop deliveries involves taking account of thousands or even millions of possible route permutations.

When this complex task is entrusted to one or two spreadsheet-wielding route planners, you simply won't get the degree of delivery precision required and customer confidence will suffer. Today, food companies shouldn't rely on humans to do the quick work a computer can do – particularly when proven technology exists to solve this very problem.

Routing software factors in all variables that could impact route timing to create efficient routes, in minutes, with highly reliable ETAs that demanding customers can rely on. One food service company adopted routing software to help it successfully meet a standard delivery window of 15 minutes.

Bottom line

Your company built its reputation on product quality and great customer service. But today, this value proposition is incomplete without technology that allows frequent, precisely-timed deliveries within the right temperature range.



Provide Live Updates on Shipment Status and ETAs

An important customer calls you and says:

“Your biggest competitor just contacted me and said that, for every delivery, they could send me a text while the truck is on its way with the exact arrival time. Can you do that?”

If your answer is No, you’re in trouble.

The food service and food retail industries are especially dependent on accurate ETA data. If the lawn chairs don’t arrive at noon today, as expected, chances are the retailer can wait until tomorrow. But with food, your customers need these products to prepare meals, serve patrons, or stock shelves at stores where product moves quickly.

Whether you are delivering to the supervisor at a convenience store, the chef at a busy downtown restaurant, or the hospital cafeteria manager who’s also the part-time cashier, these people cannot drop everything when your truck arrives.

Also, these are the very same people who get delivery text updates for their latest Amazon purchase and who like using their phones to track the progress of their inbound Uber driver. When they’re forced to contact your customer service team about the status of a delivery, there’s a disconnect. They become frustrated and wonder why one of their key suppliers is behind the technology curve.

Route planning software addresses this problem by allowing your customers to receive automated emails and text alerts based on their exact communication preferences. No more anxious customers. No more “*When will my order arrive?*” calls to customer service.

Customers who know the night before when the delivery will arrive and get another update while the truck is en-route can schedule people to receive the products, clear the delivery area and make room on shelves.

Bottom line

Communicating accurate ETA data to customers is no longer a nice-to-have. If customers don’t get this data from you, they’ll look elsewhere.

Smoothly Handle Unanticipated Volume Spikes

Retailers come in all shapes and sizes. But there's one thing they all have in common: they like money. So, when demand for a product spikes unexpectedly, let's say for more beer and soda during a heatwave, they want to capitalize on this incremental revenue opportunity.

Forget that it may involve a reallocation of trucks and drivers with very short notice to meet parameters like maximum capacity restrictions. They want the revenue – and they want agile supply chain partners that can help them get it.

That means you.

If you don't have the tools to respond quickly and methodically, frustrated customers may see if your competitors can provide a better option.

There are two capabilities you need to address unanticipated demand spikes: plan routes fast and plan dynamically.

In a non-automated route planning environment, planners need hours to work out how today's orders will impact tomorrow's routes. More planning time means an earlier order cut-off time, placing additional pressure on the food distributor already trying to deal with unexpected customer demands.

Advanced route optimization software creates detailed route plans in minutes, allowing you to accept orders until much later in the day.

With the right route planning software – one with a dynamic planning capability – there's no requirement for people to analyze new order data and reallocate delivery resources. The system does the thinking for you.

Let's say a heat wave triggers a store to order three times more ice cream than usual. Orders come in on a Thursday and it's clear that Truck #1 will be too full to load with the usual 18 delivery locations. The system automatically reallocates the last two deliveries on that route to another vehicle with the capacity, the right temperature-control requirements, and the available driver hours to handle it. No mad scrambling. No need to find and pay for outside capacity.

By using routing and scheduling software, Blakemore & Son Ltd were able to switch from pure fixed-route planning to full dynamic daily route optimization, cutting 625,000 miles from delivery routes and reducing the fleet size by 10%.



“Our dynamic route planning system has enabled us to effectively manage our expansion, while achieving significant benefits in terms of cost, customer service and environmental responsibility.”

Marc Deakin, Logistics Manager at Blakemore & Son Ltd



Bottom line

If it's hot, people eat more ice cream or frozen treats. If a snowstorm is imminent, they do an epic grocery run and hunker down at home. Your job is to help your customers respond to these sudden sales spikes quickly to maximize satisfaction and profit. To do that, you need routing capabilities and systems that are fast and smart. Are yours?



Operate More Efficiently

Keeping customers happy is no guarantee of success in the margin-thin food distribution business. You've got to attack every last hint of inefficiency you can find.



Reduce Fleet Operating Costs

Every extra dollar spent on fleet operations is a dollar of profit lost.

While the largest food distributors leverage sophisticated technology to manage their fleets—smaller operations continue to rely on one or a few route planners to work out highly complex routing schemes using spreadsheets or other basic tools. The related inefficiency is costing these companies 10–30% of total fleet operating costs.

Routing software helps attack this inefficiency in two crucial ways:

1. Reduce miles

Most food distributors have pre-planned routes for a regular fixed delivery schedule to the same customers. As new delivery points are added, routes get out of whack fast, adding unnecessary miles.

According to the American Transportation Research Institute, each one of those extra miles is costing you \$1.82. Let's say you were able to eliminate 15% of your fleet's yearly miles. Let's apply the math and work out the savings. For a 30-truck fleet that runs 1.5 million miles a year, that's annual savings of \$410,000 – straight to the bottom line.

The right software can make these kinds of savings possible by efficiently integrating new locations and new requirements—like changes to delivery times and frequency into an achievable plan that meets all customer delivery requirements.

2. Maximize truck and driver utilization

If your delivery routes are inefficient, you'll pay for more trucks and drivers than you need. Let's say, for example, one meat distributor used a rudimentary routing tool that assigned an "average delivery time" to each stop.

The problem was that its routes included deliveries to both restaurants, where stop times were super quick, and military bases, where they weren't. The use of averages turned out a plan with considerable slack time built in, calling for more trucks and drivers than were needed.

Contrast that with the experience of one of our frozen food distributor customers. After automating its route planning process, this national LTL carrier reduced its 660-vehicle delivery fleet by a full 10%. That kind of result is eye-opening when you consider that just one new tractor/trailer will set you back about \$160,000, and putting a driver behind the wheel will cost another \$86,000 a year, with benefits. Routing software can help keep equipment investments to a minimum, and ROI on the software investment is typically seen within 3–12 months.

Bottom line

Planning multi-stop deliveries for a fleet of vehicles must consider hundreds of data points that suggest the best route plan from potentially millions of possible options. Food distributors serious about turning delivery operations into a competitive advantage must utilize the power of technology to be one step ahead.



Ensure Cost-Saving Route Plans are Being Followed

With a newly optimized delivery route plan in hand, it's just a matter of time before you see the transportation savings materialize on your cost reports, right?

Well, it depends.

Plans are only as good as the people who carry them out. And sometimes, silos can form that hinder efficiency-driving changes.

When actual routes diverge from the plan, the problem can sometimes be traced to a dispatcher or driver skeptical of whether computer-generated plans will work in the real world. Many dispatchers are former truck drivers who have long experience with route plans that were not realistic or achievable. They feel justified in making changes based on their knowledge of the road.

To ensure your actual routes mirror the optimized planned routes (and generate the promised efficiencies), it's important that the route planning technology you employ can connect to the cab so you can monitor planned versus actual routes. Most advanced routing software will do this. By linking route planning to vehicle tracking you can:

- ▶ Learn exactly when and where routes deviate from plan and then ask the driver to explain WHY during their debrief
- ▶ Respond efficiently to problems or delays as they arise
- ▶ Alert customers to ETA changes and allow them to adjust their plans
- ▶ Examine actual data, like drop times per customer, and adjust future plans accordingly
- ▶ Plan resources better by feeding actual driver hours into the system and combining that with each driver's shift times for scheduling

Bottom line

Don't assume that your team will execute routes according to plan. If you don't have routing software that links with vehicle tracking, you can bet the farm that they won't.



Manage Peak Volume Surges

People don't always eat in predictable patterns. But sometimes we do.

On July 4th, Americans will eat 150 million hot dogs; on Thanksgiving, about 50 million turkeys; and at Super Bowl parties, 1.4 billion chicken wings. That's billion, with a B.

Sure, managing your delivery fleet would be a lot easier if the same customers ordered the same food products in the same amount every week. We all need a challenge. And managing seasonal volume fluctuations is a big one. How well you manage distribution during these peak demand periods will have a disproportionate impact on both customer satisfaction and your profit line.

A food distributor is either going to react to predictable demand upticks or plan for them.

Without the right software to help manage the added resource requirements, distributors in the "react" mode rely on memory and guesswork to develop route plans. If they guess wrong, either deliveries will be missed, customer relationships will be severely damaged, or distributors will pay for more trucks and drivers than needed. That's money nobody can afford to lose.

The good news is that, with the right technology, you can turn this operational challenge into a competitive lever by using the modeling tools freely available in advanced route planning software.

Chances are your volume swings for a specific holiday or event will mirror last year's behavior or even the behavior of the previous five years. Using data on historical demand patterns from your order management system, routing software lets you model different alternatives for handling this year's peak. You can adjust for any number of factors – truck and driver count, fleet mix, number of shifts, time window options – to quickly learn which approach is the most cost-efficient. Meaning you control your costs and your customers continue to experience the precise delivery performance they expect.

Bottom line

History repeats itself. If you can accurately predict holiday peak order volumes, routing software can handle the rest – making sure that you make the most efficient use of drivers and equipment so that demand peaks are profitable for your customers, and for you.



Improve and Grow

Once service performance and cost management are under control, there's an opportunity to leverage technology in ways that others don't. In doing so, you'll separate your business from the competition.



Continuously Improve and Innovate by Asking “What if?”

Many small and mid-sized food distributors manage fleets using spreadsheets and other rudimentary planning tools. But as service expectations rise, along with complexity and costs, a good number have shifted their approach and are realizing the benefits of smarter route planning and execution.

But it can't stop there. “Smart” needs to scale. You need to constantly think about what's next – because your customers, and your competitors, most certainly are.

The good news is that technology can help you work smarter. Advanced routing software includes tools that simplify the process for you by calculating the cost and service impacts of business changes – before you make them. Think of it as a giant “what if...” calculator that computes the impact of your big idea.

- ▶ What if we changed the size or type of trucks in the fleet?
- ▶ What if we moved our warehouse to a new location or opened a new one?
- ▶ What if we extended order cut-off times?

A food distributor in the Southeast wondered about the impact of changing its fleet mix to include more straight trucks and fewer semi-trailers. Modeling tools helped validate the strategy and the company is now realizing significant cost savings from using smaller trucks and operating multiple shifts.

The right software can model every last implication of such changes and do so within minutes. Without the aid of such software, already busy people would need to run trials and collect and analyze data over weeks and months.

In other words, good profit-enhancing ideas would die on the vine.

Bottom line

The benefits of routing software go well beyond taking time off a delivery route. It can be the “on” switch for a continuous flow of ideas that generate improved service to customers and six- and seven-figure savings for your organization.



Grow Profitability

A technology-enabled distribution operation aids profitable growth in a couple of important ways.

The first is retention.

Food distributors that deliver efficiently and on time will keep the business they have. Those that don't will lose customers, develop a poor reputation and eventually fold.

The second key to profitable growth is to make sure any new business you bring on is worth having.

That's right, while your team is busy congratulating itself on signing a big new customer, someone needs to ask whether the account will actually be profitable. An accurate cost-to-serve estimate can't be answered by entering numbers into a spreadsheet because no spreadsheet can handle the complexity involved. Where are the new delivery points? When are they open to receive delivery? What is the typical delivery size and how will it vary? Will these deliveries overlap existing routes?

Advanced route planning software considers these and other factors to calculate a highly accurate cost-to-serve and develops the best plan – before a single truck leaves the dock. In this way, you can ensure that new business drives both revenue and profit.

Bottom line

Analyzing and pricing new business is time-consuming and imprecise without the aid of modeling software – so don't do it. You could either price yourself out of the market, or lose your shirt by over-servicing that new customer.

For Food Wholesalers and Manufacturers, Routing Software Adds Value Beyond the Truck

To thrive in the food distribution industry, your business can't afford to operate at less than peak efficiency.

A well-run delivery operation is at the heart of this challenge.


If you continue to rely on outdated, manual processes to plan delivery routes, you'll:

- ▶ Disappoint customers, who expect near perfection in delivery performance
- ▶ Fail to achieve fleet operation cost savings of 10–30% from reduced miles and better driver and equipment utilization

Routing software also drives value far beyond the truck. Helping you to maintain product quality, give customers real-time status updates, scale the business, and increase margins – the very things that determine your ability to compete.

After a period of rapid growth, Nogales Produce Inc., a family-owned regional produce distributor, struggled to manage driver staffing and scheduling for a much more complex delivery operation. The implementation of routing software has resulted in accurate ETAs, happier customers and a 15% reduction in driver costs.

Today, fast, precise, predictable delivery performance is just as important as the quality of the product. If you're not capitalizing on advanced tools and technology to make your food delivery fleet the competitive lever it needs to be, you're fighting a war against a better-armed enemy.



“The benefits related to routing software will distinguish us from our competition. Giving accurate delivery time updates to customers is a game-changer for us.”

Albert Rodriguez, Senior VP of Operations at Nogales Produce Inc.





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