Modern Delivery
Route Management

How fleet operators can use technology to connect functional teams and achieve six- and seven-figure cost reductions

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Disconnected Delivery Route Plans

Do you know what your delivery fleet is costing your business?

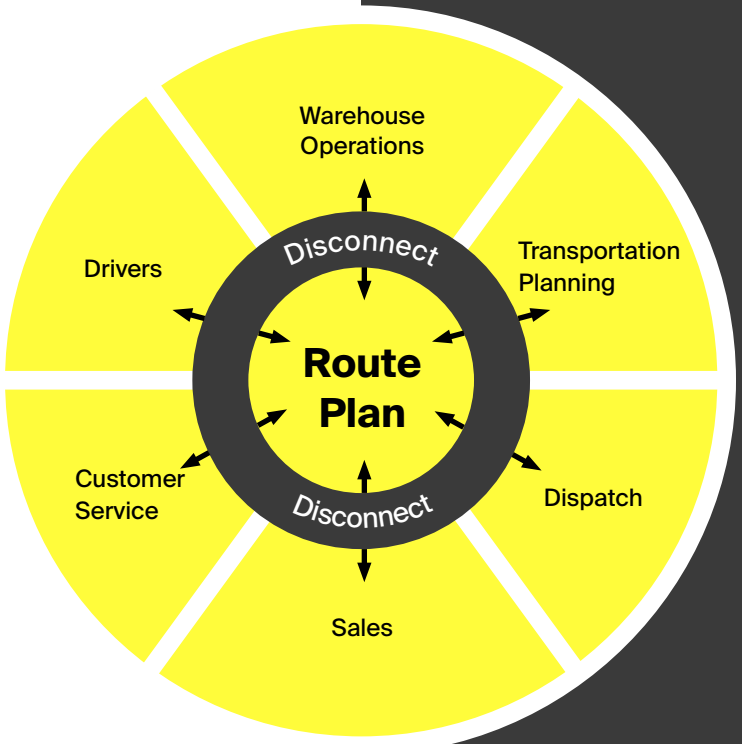
Most fleet operators would say “yes.” Most would be wrong.

They’ll have a handle on the hard costs: drivers, equipment, fuel, maintenance and insurance—costs that live within the delivery function. But most don’t recognize the vital connection between delivery operations and the rest of the business. And that’s where the biggest savings are hiding.

Let’s say the customer service team regularly fields “where’s my truck?” calls from customers. If live tracking of deliveries allowed them to get that update online, you could potentially eliminate half the calls and half the labor costs. Siloed companies are not connecting these dots, so such expenses become an invisible cost of doing business.

Similar disconnects happen at any business where route planning is a siloed function. As the diagram shows, once a route plan is created there is often no systemic connection with warehouse operations, dispatch, sales, customer service and drivers—not to mention the actual customer.

Separate, non-integrated systems for warehouse management, order management, CRM and telematics promote profit-draining disconnects that inflate fleet operating costs 10–30% and contribute to massive inefficiency.



What’s that 10–30% worth to you?

For a ballpark estimate, take your annual fleet miles and multiply by the American Transportation Research Institute’s $1.82 cost-per-mile figure, then multiply that total fleet cost by 10–30%. Could your business use that kind of profit boost?

Advanced routing software is a key to realizing these savings. It starts with an efficient route plan. But when data from the software gets shared across the business—from sales to route planning to order picking—it promotes smarter decisions that can easily translate into six- and seven-figure operating cost reductions.

This eBook examines common and costly disconnects that occur between delivery operations and the rest of the business—and how to fix them.

Warehouse Operations

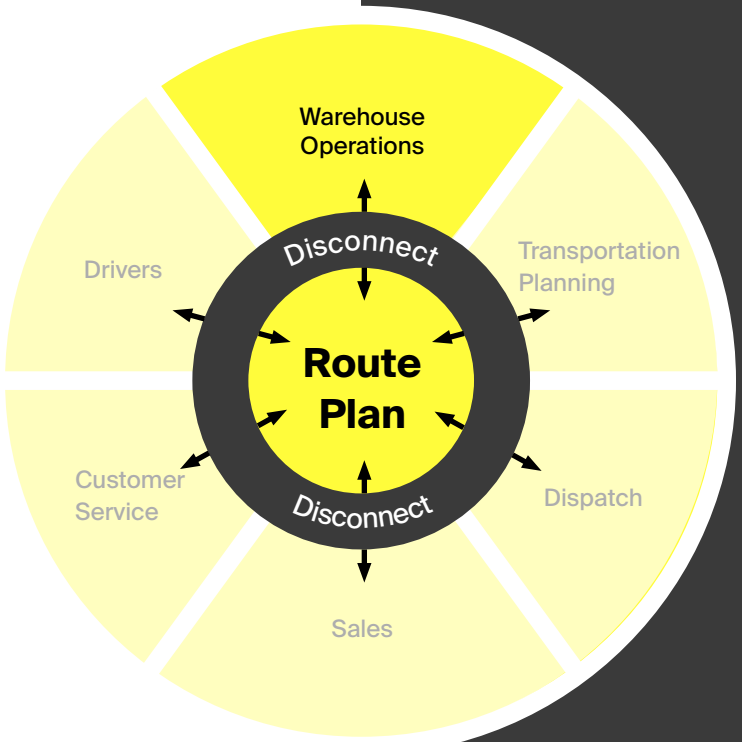
Two functions that must work together—and often don't—are transportation (including route planning) and warehouse operations. Finger-pointing between the two teams is not uncommon. For example:

- Transportation may be blamed for poor on-time, in-full performance, when in fact the warehouse regularly fails to load a customer's entire order
- The warehouse may be blamed if trucks are not loaded and ready for scheduled departure times, but timely loading may have been impossible if the route plan was delivered too late in the day

It's a balancing act that requires careful synchronization. Some of it can happen through informal communication: "Hey, we expect double the order volume next week due to the holiday weekend." But to really get it right you need a system that considers not only routes and delivery sequences, but also the ability of the warehouse team to pick and load the orders in the time allotted.

The route plan effectively acts as a forecast for your warehouse managers, helping them to manage their biggest warehouse expense: labor. When you examine route plan data over time, it paints a clear picture of future labor requirements. If that data is faulty or absent, it's impossible to plan labor efficiently, leading to costly overstaffing or, worse, understaffing that leads to late deliveries and disgruntled customers.

Martin Brower, a large distributor to quick-serve restaurants, uses the dispatch smoothing feature of Aptean Routing & Scheduling software to spread dispatches throughout the day in order to efficiently manage its warehouse workforce.



Transport Planning

Strange as it may sound, there is often a disconnect between the route plan and the very people who create the plan. The disconnect happens once the driver leaves the distribution center (DC). In our experience, as many as 50% of fleet operators do not monitor whether drivers actually follow the plans created.

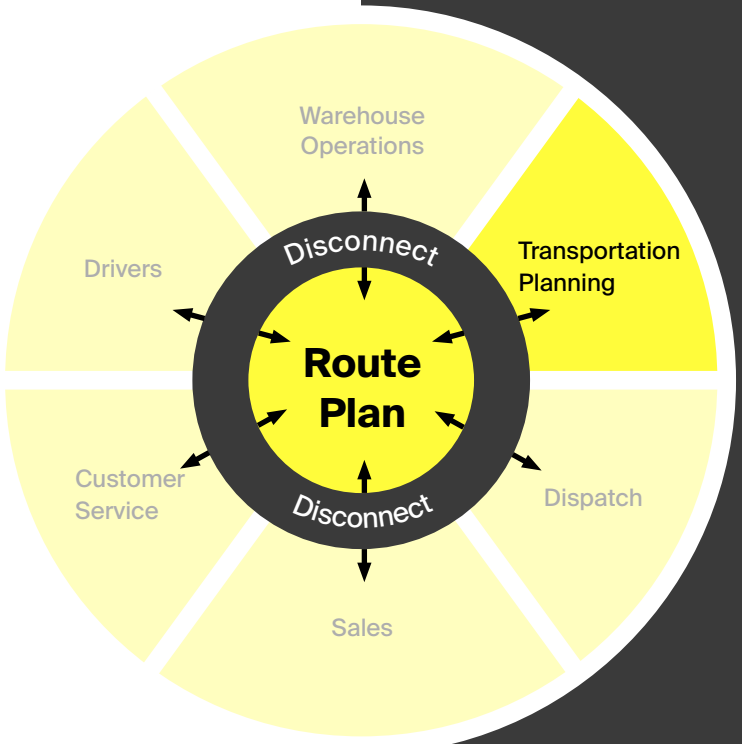
That's like spending $100,000 on advertising to grow sales and not asking how the ads performed. If you're not regularly comparing planned versus actual performance, your routes are likely inefficient, adding unnecessary costs.

Why the disconnect?

Sometimes, it's down to poor communication. During a post-route debrief, for instance, a driver may tell your dispatcher that it was impossible to complete the route in the allotted time. But if that critical information is not relayed to your transport planners, then future plans will continue to be unachievable

Disconnects also happen when fleet operators fail to connect your route planning and telematics systems. The right route planning tool will easily integrate with your in-cab telematics, helping answer questions like:

- Did the driver follow the planned route?
- Did the stop times for each delivery match plan assumptions?
- Is the driver approaching his max limit for hours of service?



The downside of failing to connect these systems can be dramatic. Let's say the route plan assumes 20 minutes per stop for each of 18 stops, but the actual average time is 15 minutes. That's 90 minutes of extra drive time that can be used for additional deliveries. More stops per route across the entire fleet equates to fewer drivers (at $86,000 per driver for salary and benefits) and fewer tractor/trailers (at $160,000 per combo).

When Dubai-based AKI Group automated route planning, including the ability to analyze planned versus actual delivery performance, the company was able to increase average deliveries per vehicle by 164%, reduce average delivery cost by 65% and trim its fleet size by 38%. With 12,500 deliveries per month made across the United Arab Emirates, this saved the company more than $1 million.

Dispatch

The job of the route planner is to create a delivery schedule that meets all customer requirements while using the least amount of time, miles, trucks and drivers. This role is too often disconnected from its sister function in transportation, dispatch, which works with drivers to ensure the schedule can be implemented in the real world.

Dispatchers have direct knowledge of things like individual driver shift preferences, vacation schedules and particular driver requirements attached to a route, like a certification in forklift operation. Dispatchers will also monitor output from electronic logging devices to ensure each driver can legally meet drive-time requirements.

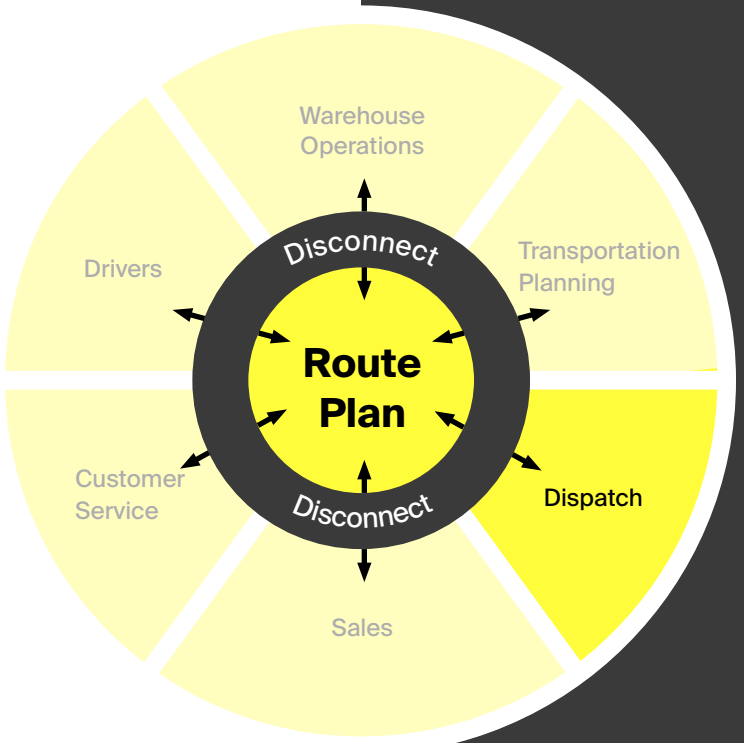
When this practical data is not communicated upstream to transport planners, they either don't assign a driver (leaving that task to dispatchers) or they may assign a driver who, for whatever reason, is not appropriate for the route. When dispatchers either assign or re-assign drivers, they often change the actual routes to suit their preferences or those of the driver.

"I would never put these two stores on the same route," or "Charlie hates to end his route on the west side of town," a dispatcher may say.

Any changes are likely to eliminate much of the dramatic efficiency bump that optimized route plans can give you, and there's a good chance your customer service levels will suffer due to late or missed deliveries.

The solution is to load driver-related data into route planning software to create plans that are dispatch-ready out of the box. While most route planning software can't deliver this solution, the more advanced systems do provide resource management functionality, which incorporates driver availability, skills and preferences into the route planning algorithm.

Dispatchers are happy to receive a plan they can trust that makes operations more efficient. Transportation planners avoid the frustration of seeing their carefully-crafted plans reworked.



Sales

New sales are the lifeblood of any company. But not all new business is good business.

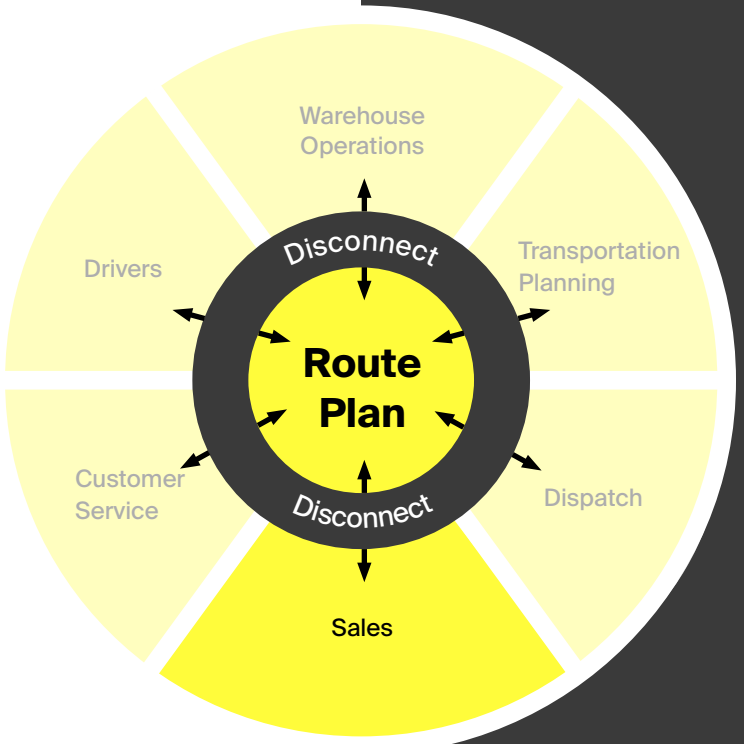
We see it almost every day at distribution companies where the sales and transportation teams operate with different motivations and success metrics.

It happens when overzealous salespeople—in an effort to close a deal—make expensive promises, like twice-a-week deliveries to a remote location. Without routing software, companies can't accurately assess the operational cost of this promise because the analysis is too complex:

- Where are the delivery points?
- When can they receive deliveries?
- How will these deliveries fit into existing routes?

As a result, many unprofitable or marginally profitable new customers are integrated into the delivery schedule while profits leak out, unseen.

There's a better way, of course. Advanced routing and scheduling software lets you construct a detailed model of the cost and service impacts if new customer drops were added to an existing route plan. The sales team can then use this data to ensure the deal is priced to enhance both the top and the bottom line. One very large food distributor used its routing software to assign costs should a customer request a tight delivery window—and realized about a 25% reduction in mileage after implementing the new policy. In the past, this distributor's salespeople said "yes," regardless of the cost of such deliveries. Today, customers of this company understand that "yes" comes with a price.

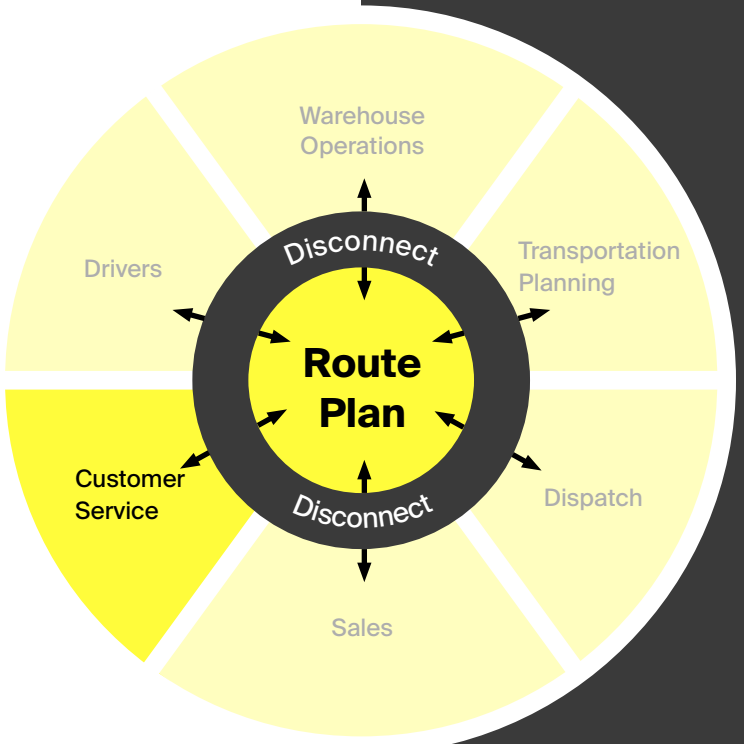


Customer Service

The Customer Service department is a lightning rod for customer questions and angst regarding inbound deliveries, whether it's a retail store or consumer. But many distribution companies do a poor job of tracking delivery trucks once they leave the DC and making that information available to the wider organization—most importantly, to customers.

As a result, you're paying a team of customer service representatives (CSRs) to field delivery status inquiries all day long. In our experience, it's possible to eliminate 50% of these calls—and the labor costs to field them—by implementing the live-tracking feature of routing software. That huge labor savings is typically double or triple the cost of a fully automated route optimization system.

Ironically, most customers prefer a self-service option (pennies per interaction) over contacting a call center ($7–$13 per interaction). So, as you shed costs, you actually improve the customer experience.



Having real-time ETA data also lets you proactively push that information to customers via automated email or text. One major UK retailer, John Lewis, goes a step further and uses live-tracking data to populate online Arrivals Boards, which staff at the company's distribution centers and stores can check to know the precise delivery time of inbound loads.

For home deliveries, ETA updates can be scheduled as often as you like, and automatic day- of-delivery updates from the driver can alert consumers to the exact delivery time, such as a

message saying "On our way. See you in 30 minutes." Further, advanced software with track-my- driver functionality allows consumers to follow the driver's location, en route, using an Uber-like smartphone app.

In this digital age, failure to integrate the customer service and delivery functions diminishes not only your profit, but also your brand. One smaller retailer recently told us that, for drivers without cell phones, the company's CSRs often call the customer to ask "Has our driver shown up yet?"

Cringe-worthy, but true.

The simple solution: give your customer service team access to live tracking data so they can manage a great customer experience. Better yet, give your customers direct access to this same live data.

Drivers

If you've integrated your telematics systems with route planning software, you can monitor the performance and locations of your delivery trucks. But that doesn't mean you're connected with your drivers.

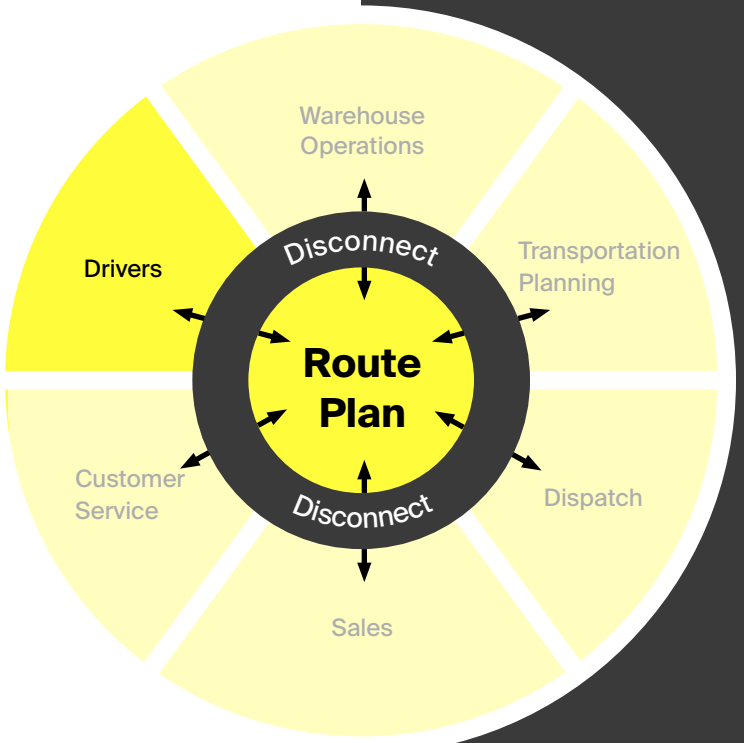
Most delivery operations have no direct connection with drivers at the actual moment of delivery, even though today's technology can easily connect drivers to a route management portal through a cloud-based app on the driver's cell phone.

This capability closes the loop on a truly end-to-end route management solution, giving you total visibility and control—from the route plan straight through to the finished delivery.

There's an upside to integrating with drivers for both B2B and B2C deliveries, but the benefits of field service mobile apps are most on display when managing in-home deliveries, including:

- **Go paperless:** Asking customers to sign delivery documents was already outdated before social distancing became the norm. Electronic proof of delivery is faster and more hygienic, plus it portrays your brand as more professional and tech-savvy.
- **Deliver consistent service:** Every customer and every product may have different delivery protocols, such as taking a picture of the installed item and removing packaging from the home. Drivers can call up these custom procedures with each delivery so customers get a consistent excellent experience.

Your drivers are perhaps your best brand ambassadors as home deliveries continue to increase. But only with the right technology in their hands.



The Impact of Disjointed Route Management on the Customer and the Business

We've looked at the upstream and downstream inefficiencies created when a fleet operator's delivery operation is disconnected from other functional groups. But how do these disconnects impact the two most important beneficiaries of integrated, end-to-end route management: the customers who receive the product and the internal executives responsible for your company's P&L?

Key Customers

Your customers expect reliable delivery windows, which are jeopardized when route planners and dispatchers are out of sync. Late deliveries may mean empty shelves and lost sales for a convenience store. They can increase labor costs if a retailer schedules people to unload a truck that fails to show at the appointed time.

Customers also want to know the status of inbound deliveries without having to make a phone call. Live tracking lets them check delivery status on their cell phones. With the right software, they can even use geofencing technology to automatically receive an email or text message when your truck is within a specific range of the drop point.

There's even less tolerance for a disjointed delivery process when delivering directly to the consumer. People have been conditioned to expect real-time tracking of en route drivers for home deliveries. They even want to choose their own delivery times at the point of purchase. That requires integration of routing technology with ecommerce platforms—a staple feature of software for home delivery.

C-Level Business Leaders

When delivery operations are poorly integrated with other functions, C-level executives can get a false read on the health of the business. For example:

- Customer service may report more efficient call handling by its CSRs, but the metric is misleading if poor technology integration requires double the staff that's needed.
- Sales may add two large customers, but if the cost to serve these customers is high, it could mean an unexpected hit to the profit line.
- Transportation may regularly report data on miles driven and fuel used, but if the data doesn't reflect how actual performance compares to the original route plan, business leaders have no context or way to gauge progress.

A delivery operation that is disconnected from other business functions creates cascading inefficiencies across the organization. Don't be the person that keeps your executives in the dark. Leverage technology to make delivery-related performance and expenses completely transparent.

The Path Toward Integrated, End-to-End Route Management

If our take on the poor integration between delivery operations and other business functions strikes a chord for you, you're not alone. Few organizations have adopted a holistic approach to delivery route management.

The good news is that the technology exists to eliminate the disconnects we've outlined, and convert as much as 30% of fleet operating costs into profit. But the process actually doesn't start with technology. It starts with a commitment from the top to eliminate the silos. After that there must be buy-in across the organization.

You can't have a route planner refusing to use routing software because "his spreadsheet-based method works fine." Or a dispatcher who regularly reassigns routes to accommodate driver requests.

Once the vision of end-to-end route management is shared and universally embraced, advanced route optimization software can make it happen—helping to manage everything from the route plan to performance management to customer visibility and alerts.

It's important to know that there's no big technology overhaul required. This process can start from exactly where you are in your evolution, and then build over time.

If you have yet to automate route planning, that's the place to start since much of the hard dollar savings are found when you replace the subjective judgements of people with sophisticated algorithms that create feasible route plans in minutes, not hours.

After that, you can begin to layer on additional functionality, like live route management and visibility portals. You'll want to choose routing software that offers all the tools you'll need for today and tomorrow, but can be implemented in stages.

The chart on the next page illustrates various stages of a wholly integrated route management solution, from plan to final mile, and how businesses can implement such a solution one step at a time.

Integrated, End-to-End Route Management: from Plan to On-Site Delivery

End-to-End Route Management: Leaders Wanted

If you operate a delivery fleet—whether you are a distributor, a manufacturer, or a retailer—distribution performance touches every aspect of the business and has a profound impact on two pretty important objectives: profit and customer happiness.

For too long, however, delivery operations have been regarded as a necessary but non-core function—something less than strategic. That's changing as Amazon and others have raised expectations for delivery speed, precision, efficiency and visibility.

Businesses today are looking at delivery management as a primary weapon in the fight for competitive advantage. To win, you must connect your delivery operations, structurally and systemically, to the rest of your organization.

The tools are available to make that happen but the effort needs a champion. Someone who can rise above the myopic views of specific business functions and recognize the symbiotic relationship that exists between delivery operations and the rest of the organization.

Are you up for the challenge?

Take a Test Run

For companies serious about assessing the health of their fleet operations, Aptean will gladly take sample delivery data from your company's existing operations and demonstrate what would happen if you implemented automated route optimization.

Our routing experts can use the software to model what optimized routes would look like in real life via a live demonstration.

This exercise is not theoretical. It uncovers real potential savings, pinpoints the primary drivers of inefficiency and clearly shows the outcomes of a new approach. Ready to get on the road to optimized, end-to-end route management? Find out how, now.

Are you Ready to **Learn More?**

Interested to see how Aptean can help you optimize your transportation operations?

Contact us at **info@aptean.com** or visit **www.aptean.com**.

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