



Turnaround Under-Performing Private Fleet Results

Company Profile:

\$1 Billion national recycling company with a private fleet of tractors and trailers. Three regional transportation locations (North, South & Midwest) with a total annual spend of \$50 million. Trucking operations were comprised of a combination of both internal and external trucking. Total Internal Trucking spend was \$20 million. Recycled goods were transported between company owned processing centers as well as to and from 3rd party customers.

Challenge:

- Reduce total transportation spend with a primary focus on internal trucking expenses. Major area of improvement centered on the Northern Region. Northern Region annual spend was over \$8 million.
- Restructure the Transportation Department to eliminate waste and improve efficiency.
- Train and develop transportation management employees on how to control cost, improve service to processing centers & customers and know how to read and interpret a P&L statement.
- Design and implement Key Performance Indicators that will drive desired results.

Solution: **Implemented Shipmate Logistics Proprietary Improvement Plan.**

- Re-designed the trucking P&L by region so each expense was categorized correctly within the line items.
- Inserted a manager approval /audit process for every invoice and expense. Added spending controls.
- Evaluated expenses to determine if they should be eliminated completely or reduced.
- Used a “Kaizen” method of continuous improvement for every expense.
- Outsourced specific expenses where it made sense. Re-bid high dollar expenses with outside vendors.
- Closed poor operating locations with unnecessary fixed expenses. Consolidated and blended those operations into nearby facilities.
- Outsourced longer length-of-haul, non-profitable service lanes to reduce empty mile expenses.
- Sold off unused equipment to improve asset utilization.
- Implemented a “Lean” strategy to eliminate unneeded capital expenses and tightened up the budget.
- Eliminated non-productive headcount.
- Trained supervisors and managers on how to read and interpret financial statements.
- Emphasized and re-focused employees on using the existing dispatch technology to reduce inefficient miles, improve transit service and cut non-productive labor expenses.
- Implemented a safety training program with regularly scheduled driver communication meetings.
- Improved employee morale through transparent communications and by rewarding employees for goal achievements.
- Re-branded the Transportation Department with a “Team” approach and a winning philosophy.
- Created relevant KPI’s that targeted areas of needed improvement (labor, maintenance, fuel, equipment & service). Added time intervals of measurement in conjunction with accountability for results.

Results:

- Cut North Region monthly internal expenses by \$500,000 resulting in an annualized profit improvement of \$6 million.
- Beat Transportation Department budget goal by \$453,000 the first year.
- Reduced Midwest monthly expenses by \$138,000.

- Improved transit on-time service to over 98% on time.
- Reduced driver turnover to less than 10%.
- Supervisors & Managers are now able to read and interpret a P&L to make better decisions.
- Dispatch software is fully utilized as a management tool to increase efficiency and lower cost.
- Sold off over \$500,000 of under-utilized equipment assets.
- Closed & consolidated five physical properties reducing monthly property expenses by over \$50,000.