

BEVINGTONGROUP

The unmeasured costs in transport management

Using engagement methods to
unlock the unmeasured opportunity

Understand • Engage • Evolve

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The transport cost challenge

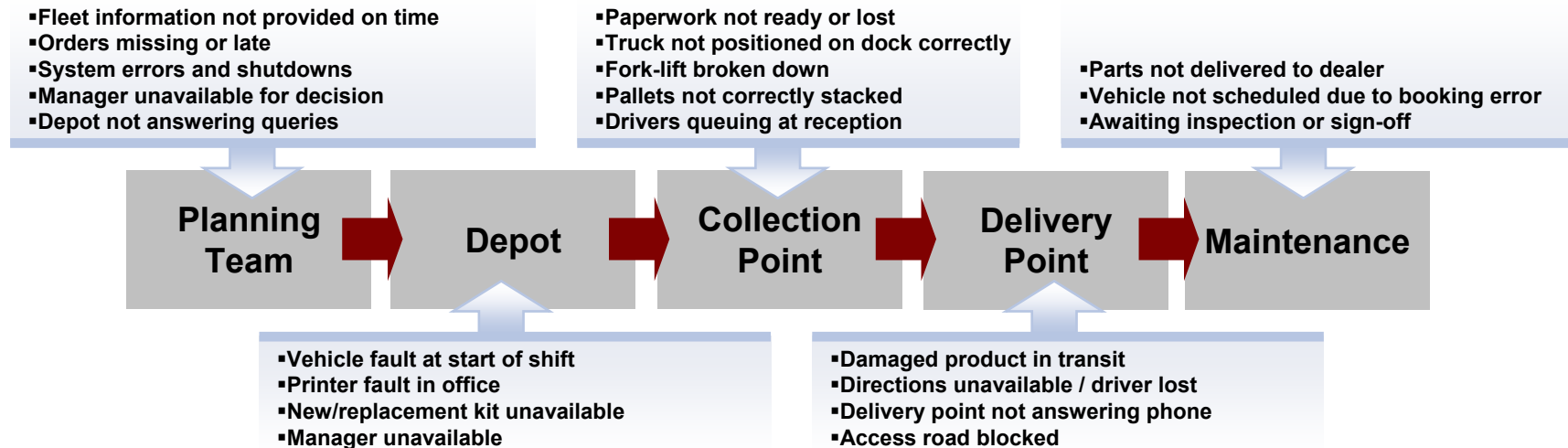
The problem	The challenge
<ul style="list-style-type: none"> ❑ Fuel costs <ul style="list-style-type: none"> ▪ Rising ❑ Driver constraints – <ul style="list-style-type: none"> ▪ Undersupply of drivers ▪ Impacts of Working Time Directive ❑ Congestion <ul style="list-style-type: none"> ▪ Rising with less productive driver time 	<ul style="list-style-type: none"> ❑ Reduce overall cost per mile: <ul style="list-style-type: none"> ▪ Minimise time wastage ▪ Improve delivery capacity ... Through tightly managing the performance metrics

Typical performance metrics	Planning Team	Depot	Collection Point	Delivery Point	Maintenance
	<ul style="list-style-type: none"> ✓ Maximise time utilisation ✓ Maximise Space utilisation ✓ Reduce empty running 	<ul style="list-style-type: none"> ✓ Minimise shift starting or handover times ✓ Minimise fuel use ✓ Optimise maintenance requirement 	<ul style="list-style-type: none"> ✓ Improve collection turnaround times 	<ul style="list-style-type: none"> ✓ Improve delivery turnaround times 	<ul style="list-style-type: none"> ✓ Reduce vehicle down time

Traditionally operations managers manage visible performance metrics, with little focus on the broader picture

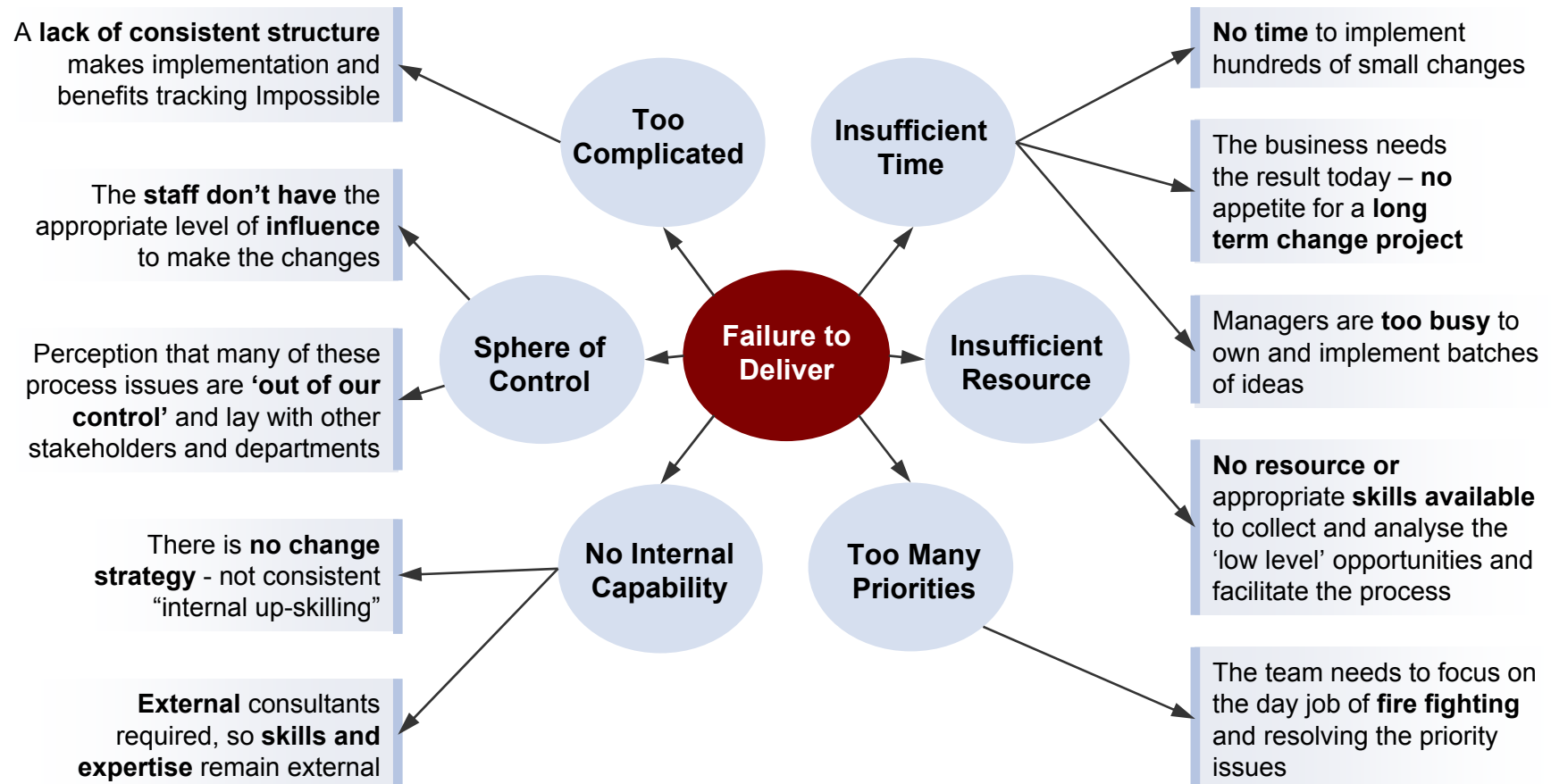
The unmeasured opportunity

- ❑ Unmeasured process failure provides a significant cost and performance opportunity.
- ❑ These opportunities are missed because of the resource levels required to understand and measure them.



- ❑ These process failures exist in all businesses. Eliminating the ‘causes’ of these inefficiencies:
 - a) Frees up driver time, reducing wage costs per delivery or increasing delivery capacity;
 - b) Reduce indirect costs in the planning, maintenance and other interface areas;
 - c) Contributes to improved service.

Why is it difficult to unlock the unmeasured opportunity?



How do we overcome these problems?

The common points of resistance and friction can be overcome in the following ways.

Too Many Priorities	<ul style="list-style-type: none">▪ Understand and quantify the business needs▪ Priorities the opportunities and focus of effort
Insufficient Resource	<ul style="list-style-type: none">▪ Use existing staff▪ Opportunities become part of everyone's day job
No Internal Capability	<ul style="list-style-type: none">▪ Use and learn the simple methodology in partnership with us▪ Own the methodology and the skills▪ Reuse the methodology unaided
Insufficient Time	<ul style="list-style-type: none">▪ Minimise the amount of engagement time required▪ Capture maximum value information in the minimum allocated time▪ Use supporting technology to quickly provide structured and meaningful outputs and plans
Too Complicated	<ul style="list-style-type: none">▪ Produce very clear, low level to-do lists▪ Automatically link the to-do list with the both the progress tracking and benefits delivery plan
Sphere of Control	<ul style="list-style-type: none">▪ Identify root causes and establish where the 'control' really lies▪ Understand the impact of stakeholders and prioritise appropriately▪ Empower the staff to implement their own valuable ideas

With the right methodology these solutions are not as unrealistic as they may seem.

The solution

The Principles of XeP3

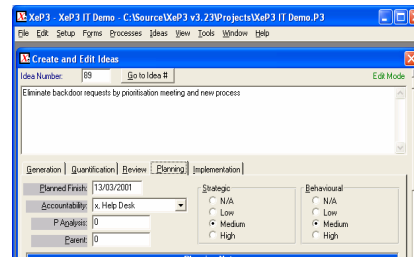
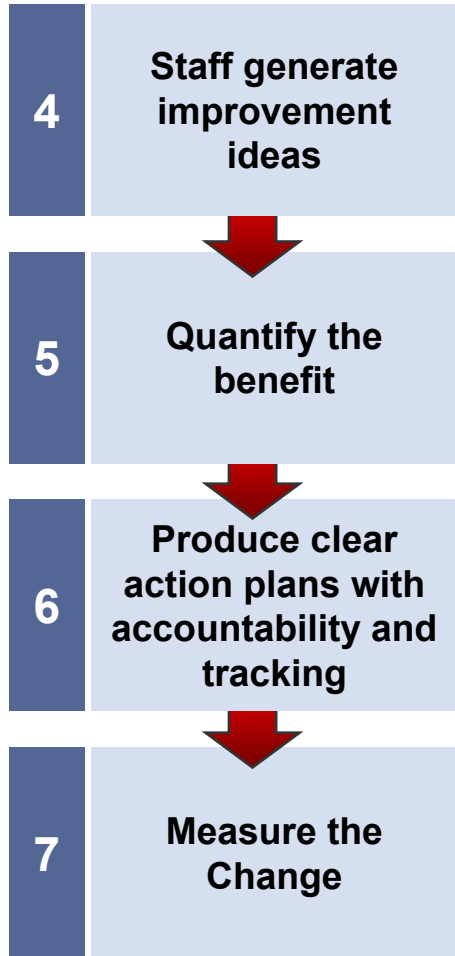
- ❑ A methodology with supporting technology that organisations learn how to use in order to develop internal capability for quick-win process improvement and long term continuous improvement sustainability.
- ❑ By engaging the people who ‘do the job’ everyday the organisation can understand the detailed opportunities on the front-line and generate practical ideas for quick improvements.
- ❑ The supporting software enable tremendous ‘speed to result’, and provides a one-stop solution from process mapping, through to solution creation, through to implementation and benefits tracking.
- ❑ Simplicity delivers the fastest return on investment.



A typical implementation of the XeP3 methodology follows seven key steps

A methodology to implement the improvements

Engaged staff generate the improvement ideas; and a plan with clear accountability is produced



Management Report Implementation Monitor

Status:
Completed by: _____
Team Member Check:

Idea #	Description	Total Hours	Hours Saved	Hours Added	Planned Completion	Current Est. Completion	Accountability
5	Proactively seek on-sell during interaction with customer	20.51			4/04/2004	30/04/2004	Miller, Brad
6	Order forms to be completed and sent electronically to suppliers	42.38	7.74		4/04/2004	29/05/2004	Miller, Brad
3	Develop Supplier Agreements with performance measures to improve service	35.96	14.39		2/02/2004	2/06/2004	Miller, Brad

Action Plan

Idea No: 715

Process: Despatch
Process Co-owners: Steve Hardy

Idea: Install internal direct line telephone between despatch area and office to reduce wasted staff travel time to and from office when despatch queries occur.

Step	Action	Person Responsible	Start Date	Estimated Completion Date	Actual Completion Date
1	Formalise request to facilities management	Steve Hardy	5/01/2006	5/01/2006	5/01/2006
2	Inform despatch team of change	Steve Hardy	6/01/2006	6/01/2006	6/01/2006
3	Install phone	Steve Hardy	7/01/2006	7/01/2006	7/01/2006
4	Place notice by the phone with instructions and internal numbers	Steve Hardy	8/01/2006	8/01/2006	8/01/2006
5		Steve Hardy	9/01/2006	9/01/2006	9/01/2006

Number of enquiry visits to office vs Number of enquiry telephone calls

Week	Weekly total	Comments
1	235 office, 10 Phone	Need to monitor and enforce use of phone
2	100 office, 150 Phone	Staff utilizing phone facility much more effectively
3	70 Office, 200 Phone	Few despatch visits to office, mostly telephone queries

19/05/2006

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Supporting technology quickly provides an integrated implementation plan and benefits tracking tool for managers, plus clear and simple-to-use "to-do" lists for staff

A methodology to overcome resistance

The methodology overcomes the resistance issues in the following ways

Too complicated	Staff work in their day jobs and follow simple tools and instructions	✓
Insufficient time	Technology used to capture and process maximum information and minimise man hours involved	✓
Insufficient resource	Requires minimal staff input to achieve a quick result	✓
Too many priorities	Clear summaries of cost and opportunity for managers to make decisions	✓
No internal capability	We will develop the capability; it does not leave with us	✓
Sphere of control	Shows staff where to focus efforts	✓