

# Improve Customer Service, Reduce Costs

Take control of Logistics decision-making  
with Business Intelligence

# Executive Summary

Business intelligence plays a central role in route planning and logistics strategic decision-making as well as providing critical guidance for resource planning and employee performance evaluation. Logistics executives are balancing a number of priorities and objectives; one of the main areas of focus is automation and efficiency. Benefits from streamlining processes and improving efficiencies include:

- **Reducing planning time**
- **Reduced miles driven**
- **Higher transaction frequencies**
- **Fewer resources**

In this new economy however, it's critical for these executives to not only understand the importance of automation and efficiency, but to also consider the benefit of leveraging business intelligence. Logistics business intelligence is critical enterprise data that, as an example, answers questions such as:

- **How could we be more efficient, am I paying too much overtime?**
- **Which delivery or service call is the most profitable or least profitable? Why?**
- **What is the cost impact of supporting unique customer requests?**

Our economy is requiring organizations to run leaner and optimize processes in order to be successful. This white paper highlights four areas where improvement opportunities may be uncovered and effectively achieved through easy access of data analytics:

- **Resource planning**
- **High-performing teams**
- **Rapid response to changing customer needs**
- **Service costs**

# PART I: Considerations

## Optimal Resource Planning

Business intelligence provides visibility into delivery and service data to assist with resource planning. An executive is able to see what routes are most efficient and which drivers are most productive, enabling the consolidation of deliveries in an effort to do more with existing resources.

The cost of resources, primarily drivers and trucks, are one of the most expensive areas of the business that logistics executives need to manage closely. Optimizing the resources an organization already has versus investing in additional is critical to staying competitive and maintaining client satisfaction in an extremely customer-centric industry.

Analytics that assist in efficiently and effectively allocating resources include:

- **Transaction frequency**
- **Average overall route time**
- **Employee overtime**
- **Route plan vs. actual comparison**

Analyzing these key indicators enables an organization to coordinate routes and drivers a day or two in advance in order to ensure on-time deliveries and satisfied customers.

## High-Performing Teams

Business intelligence provides statistics that enable logistics executives to better understand where their drivers are spending the bulk of their time, and if it's productive. Access to metrics that measure the driver's performance is critical in building high-performing teams along with additional resource decisions. Key metrics that should be considered when evaluating productivity include:

- **Adherence to route sequence**
- **Effective time utilization**
- **Hitting on-time delivery and other marks**

These analytics also enable a “like job” comparison to be conducted. It effectively uncovers which drivers are most productive, and also why they are the most productive.

Lastly, the ability to develop performance benchmarks and refine policy and driver expectations around this data will assist in creating consistency across all drivers and management as well as encourage continuous improvement.

## Rapid Response to Changing Customer Needs

In an industry so focused on client satisfaction, the ability to react and adjust to meet last minute customer requests is essential. More importantly, however, is the ability to understand the impact of these adjustments. Business intelligence provides visibility into how often the organization is receiving requests like this and also the impact on the management of routes and on-time delivery. If you are unwilling or unable to adapt to these requests, there is a competitor out there who is and taking your business. Meeting changing customer demands may require the following adjustments:

- **Delivering on a different day**
- **Adding to an existing order/route**
- **Cancelling the order**

Having this insight into the frequency of these adjustments will only improve the reaction strategy and time for these requests because your staff will be prepared with a plan of action on how to reoptimize the routes.

Finally, as a result your client is delivered a seamless experience and client satisfaction is maintained.

## Service Costs vs. Profitability

Executives must understand if a client is worth their cost impact and if they are in fact profitable enough to continue doing business with. There are a number of delivery and service cost questions that logistics executives wrestle with on a daily, monthly and quarterly basis. For example:

- **Where do I draw the line on the cost of a route?**
- **When do I outsource a route to a third party?**
- **Why is one route profitable and another not?**

With multiple routes, drivers and clients to manage, it is important to measure what the costs associated with each of these items are. Routes to specific clients may cost much more than others for various reasons. For example, unique business environments force some clients to only receive deliveries during certain time windows. These scenarios force organizations to plan all of their deliveries around this specific client, significantly impacting service costs. Business intelligence data collected from a logistics optimization tool that helps evaluate route profitability include:

- **Overall cost per route**
- **Total route time**
- **Idle/wait time**
- **Comparison scenarios**

This data assists in answering the above questions, as well as improves overall strategic decision-making around route planning, resource planning and overall profitability, while increasing customer satisfaction and loyalty.

## Improved Strategic Decision-Making in a New Economy

In the new economy, improved strategic decision-making as a result of business intelligence will help logistics organizations take control of service and delivery costs and client satisfaction.

Each category mentioned above - resource planning, performance evaluation, rapid response to changing customer needs, and service costs – offers an opportunity to leverage business intelligence data to improve strategic decision-making and cut costs. Executives may find more opportunity for improvement in one category than another. However, all four will provide improvements and impact the bottom line.

## Insight and Guidance

Runzheimer International provides logistics optimization software and related intelligence. For insight, guidance and analytical support to help you determine which category could yield the most cost savings for your organization, please contact Runzheimer International and ask to speak with a Route Planning & Logistics representative. Contact us at [1-800-558-1702](tel:1-800-558-1702), [marketing@runzheimer.com](mailto:marketing@runzheimer.com) or visit [www.runzheimer.com](http://www.runzheimer.com).

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