



Logistics Association of Australia Ltd

LEADING EDGE PRACTICES: WHAT CAN WE LEARN?

1996 International Study Award winner John Reitze concludes his series of articles following his study tour to the US.

In addition to studying some of the best US strategic alliances, the international study tour enabled me to identify practices and improvements which may be beneficial to Australian industry.

This is not to say that all the points mentioned below are totally new or can be directly applied by Australian companies, but they are examples of how some companies in the US are reducing their total costs and adding value for their stakeholders:

Molson Breweries

- In off-peak periods, there is a four-day delivery week. If work is completed, drivers are allowed to go home early and the hours not worked are "banked" to off-set extra hours worked during the peak period
- Standards are set for each type of truck/delivery. If drivers "rush" to beat the standard, they do not receive more pay. "Runners" are viewed as potential health and safety problems. This standard operates with the banking of hours mentioned above
- In three years, the level of deliveries has increased from 165 to more than 300 cartons per man, per day, over the total range of deliveries.

Miller Brewing Company

- Miller Brewing has reduced the number of trucking companies used in delivering its beer from 150 to 23 core companies
- Beer pick-up is scheduled during a two-hour window. If the truck does not arrive within this period then another truck is hired and the original carrier misses out. Records are maintained for each carrier
- Miller Brewing gives a commitment for a set number of trucks for each day to each core carrier. The carrier is not asked to provide any additional trucks
- Core carriers handle 90-95% of Miller Brewing's freight business

- Non-core carriers handle the remainder and are measured as a possible replacement if one of the core carriers drops out
- Miller Brewing strictly control the method of beer transport, which includes carriers using clean and sanitary trailers
- There is an emerging trend to warehouse elimination and replacement by direct delivery to the customer.

Goodyear Tire & Rubber Company

- Smarter truck loading procedures, where trucks are loaded in reverse sequence for delivery. Eliminates the need for warehouse, depot or cross dock
- There is an increasing trend to paperless transfers
- Advances in truck load efficiency eg: Goodyear/Yellow Freight has increased tyre load efficiency by greater than 50%.

Schneider National

- Schneider National uses a satellite to poll every truck every two hours. The distance from destination is recorded and exceptions are noted
- Two-way communications in truck, meaning that:
 - Customer is immediately informed of any problem
 - Customer queries are answered
 - There is an opportunity to quickly address any problem
 - Able to offer on-time deliveries with penalties paid to customer for lateness
 - In a truck break-down situation, able to make quick decisions to protect delivery

Highly qualified drivers:

- Commitment to driver education exists
- Every driver is put through safety training to the extent where they have all experienced the common "jack-knifing" situation and automatically know how to correct the problem
- All drivers have manual dexterity training
- All undergo a compulsory two-week curriculum
- Drivers are made aware of their legal obligations
- Undergo attitude screening
- Company/driver keeps track of hours in order to prevent driver fatigue. Must have one-hour break every 10 hours
- Training and provision of excellent conditions has reduced driver turnover by 60%
- Set time standards.

Speed of truck, engine revs/min and amount of idling are monitored continually. If a driver exceeds average of 55mph then there is no bonus

- If drivers deliver time standards and have no accidents, they automatically get a fifth pay cheque for that month. This amounts to \$500 to \$800 per month. The trade-off for the company is savings on accident costs and engine maintenance and down-time
- Aim under major strategic alliance is for consistent time-at-home on weekends, ie. (Friday/Saturday, Saturday/Sunday or Sunday/Monday), for linehaul drivers
- Company expects 98% or better on-time delivery
- Achieve 1 million miles before engine overhaul required
- Complete brake maintenance achieved in 30 minutes while truck at lunchtime pit stop
- Biggest carrier in North America uses only one type of truck. This means maintenance staff only have to know how to service one type of truck..

Excel / Hershey Chocolate

- With use of customised trailers/procedures the Excel/Hershey Chocolate warehouse has reduced the plant-to-warehouse-to-plant turnaround time from 90% better than 1.5 hours, to 100% less than 20 minutes.

This paper completes the series on **Strategic Alliances & Leading Edge Practices**. I would once again like to thank the Logistics Management Association of Australia and CHEP for sponsoring the **1996 International Study Award**.

This award enabled me to attend the Council of Logistics Management Conference in Orlando and visit a number of Canadian and US companies which have developed world's best Strategic Alliances with other companies.

The information gained was invaluable and I will continue to assist any members of our association where possible.

In conclusion, I would like to wish the winner of the 1997 Award all the best and hope that he/she gains as much as I did from my trip.