EMPOWERING INSPIRED BUSINESS DECISIONS

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SIX LOGISTICS TIPS TO HELP BUSINESS NEGATE CONTINUED FUEL PRICE INCREASES

Logistics transport costs for companies are set to skyrocket as the fuel price continues to rise. These on-going increases will put pressure on companies – particularly those that make a lot of deliveries or customer visits - to find cheaper ways of doing business.

Supply chain technology and consulting solutions company, VSc Solutions, suggests six ways in which companies can start reducing their logistic costs immediately – and negate a substantial portion of the fuel price increase.

For any business to remain competitive, the effects of increased fuel costs need to be off-set and the best way to save between 10 – 25% on logistics costs is to ensure efficiency. Here are six tips for businesses to ensure savings and remain competitive.

1 – Examine Your Network

In order to apply smarter strategy it's critical to periodically engage in a Network Modelling exercise. This process enables companies to determine the most efficient way of doing business. Factors to examine include: determining the best possible geographic location of warehouses; comparing supply chain costs; determining the impact on transport costs when using one's own vehicles for inter-warehouse transfers, and comparing one's supply chain carbon footprint.

2 – Optimise Routes

The simplest way to ensure route optimisation is to make sure that the least number of vehicles drive the least amount of kilometres. This can be achieved by feeding data – what needs to be delivered, to where and by when - into a system that generates the shortest possible routes. These smart tools are available for both SME's and larger companies and ensure that the load is spread evenly across available delivery days.

3 – Ensure Proper Execution

Armed with a set of efficient routes, next a company needs to ensure they're being used. This is achieved by combining data from each vehicle's tracking device and comparing it to the routes generated by the route optimisation tool. Essentially, the system enables you to see on a map and Gantt chart where your vehicle is versus where it should be.

4 – Automate Processes

Whilst automating processes doesn't directly decrease fuel costs, it does remove inefficiencies that result in cost and time-savings. For example, most delivery processes are manual, which wastes time, but by integrating data from a company's ordering system with a driver's smartphone, acceptance of goods can be automated and an electronic proof of delivery sent immediately, enabling invoicing to take place that much faster. By automating these basic business processes – of which invoicing is just one example - companies can get more from their resources like their people and their trucks.

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5 – Integrate Systems and Reporting

A company's reporting is typically based on data from a single system and in cases where a company combines data from multiple systems, this is typically done manually – and often inefficiently. By integrating systems, companies can transfer data seamlessly, enabling more effective reporting that gives complete visibility of the entire supply chain in real time. The outcome of this integration is knowledge that can lead to savings, for example, the profitability of routes or the root cause of overtime.

6 – Mobile Technology

With the price of hardware and cellular communication decreasing mobile technology can now be used as an effective, cheaper alternative to provide a company with functionality such as GPS navigation, process flow management and electronic proof of delivery.

The typical savings when effectively adopting the above technologies are between 10% and 25% and most of these solutions can be implemented quickly – leading to short-term benefits.

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