



We were able to develop a process of continuous improvement with sustainable results



Turned \$40 a Month on Pizza into Savings of \$500,000 a Month

Situation

A large private fleet corporation experienced severe negative earnings for five consecutive years. Their transportation and Logistics Department was in disarray with high operating expenses, costly equipment and maintenance, operations over budget and inefficient, non-existent route optimization planning, terrible asset utilization, too many facilities, poor leadership, low employee morale, high driver turnover, potential union penetration, lack of procedures and processes, no KPI measurements and no emphasis on continuous improvement.

Actions

After assessing the department, it was decided it was best to rebuild the entire operation by starting with changing the culture. We stepped up communications making the negative results transparent. We discussed and prioritized which areas of the operation would give us the biggest ROI. We established KPIs and set standards for every expense item and operating procedure. We targeted improvement in every little detail, including single dollar savings and minutes for efficiency improvement. Each month, we would share results in a meeting during lunch time and if the team improved the overall bottom line beating the prior all-time best result, I bought pizza for the team (\$40). We recognized each individual and how their contribution was a win for the team. The team was engaged and felt so appreciated for their efforts that they pushed hard to improve the all-time best result each month. The team improved so much by consistently

attacking every area of the business unit that they achieved and reached savings of \$500,000/month.

Results

- Increased Northern region profitability by \$3.6 million in the first year.
- Decreased Northern region maintenance, parts and tire expenses by \$79,000/month.
- Redesigned freight routes to increase efficiency, reduce miles, lower fuel expenses, improve transit service and support internal plant locations.
- Improved Midwestern region operating expenses by \$138,000/month.
- Improved driver relations thus decreasing driver turnover to less than 10%.
- Administered safety programs and decreased accidents and injuries.
- Implemented new KPIs to measure targeted areas of the operation.
- Improved asset utilization for savings of \$476,800.
- Became the only department to improve results and stay under budget for three consecutive years.
- Reduced operating expenses by \$500,000/month after three years.

ROI

By rebuilding the Transportation and Logistics Department we were able to develop a process of continuous improvement with sustainable results. Employee behaviors changed and morale greatly improved. I knew the program was working when a part-

time administrative clerk earning \$10/hour came into my office one day to tell me that she found a \$5/month savings on a Cintas medicine cabinet expense. She asked why we were buying this item when we did not need it. She understood the level of detail needed to succeed. She no longer thought her job was data entry. She realized that she too could make a positive difference in improving the company performance. We celebrated that \$5 like it was \$5,000.

Client Skills Required

OpEx understanding and deployment, ability to incorporate quick fixes, SOP (standard operating procedures) improvement, continuous process improvement, leadership and development in the practice of High-Performing Teams.

Contract Length

30 days.