



TRANSPLANNING

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# **DOT Freight Fluidity Workshop**

December 9, 2015

# Why Supply Chains are Important



Photo Credit: Kylie Bank, January 6, 2014

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# Primary Supply Chain Objectives

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- Right **Product** in the
  - Right **Quantity** from the
    - Right **Source** on the
      - Right **Carrier** to the
        - Right **Destination** in the
          - Right **Condition** at the
            - Right **Time** with the
              - Right **Documentation** for the
                - Right **Total Landed Cost**

Concept Credit: Ed Marion, University of Wisconsin

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# Key Elements of Supply Chain Success

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- Supply Chain Strategy
- Efficient Infrastructure
- Realistic and Rational Regulations
- “Affordable” and Abundant Energy
- Continuous Network Optimization
- Relentless Performance Measurement



# Relentless Performance Management

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- Typical Supply Chain Metric Categories:
  - Sourcing
  - Inventory
  - Manufacturing
  - Transportation
  - Distribution
- The “Balanced Scorecard” Approach:
  - Finance Oriented - Budget
  - Customer Oriented - Service
  - Internally Oriented - Improvement



# Relentless Performance Management

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- Measuring is only the beginning:
  - Track Key Metrics – Identify Trends
  - Understand Meaning of Metrics
  - Know the Mechanics of Metrics
  - Leverage Metrics for Trends/Opportunities
  - Relate Metrics to Goals/Objectives
  - Implement Metrics Based Improvement Plans
  - Ensure Ongoing Metrics Monitoring



# Transportation Performance Metrics

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- Freight cost per unit shipped
- Outbound/Inbound freight costs
- Claims as percentage of freight costs
- Freight bill accuracy
- Accessorial and fuel costs
- Truckload capacity utilization
- Mode optimization and share
- Number of carriers per mode
- Truck turn time (live and dropped)
- Transit time
- Tender acceptance
- On-time pickup and delivery
- Shipment visibility



# Key Shipper/Receiver Areas of Concern

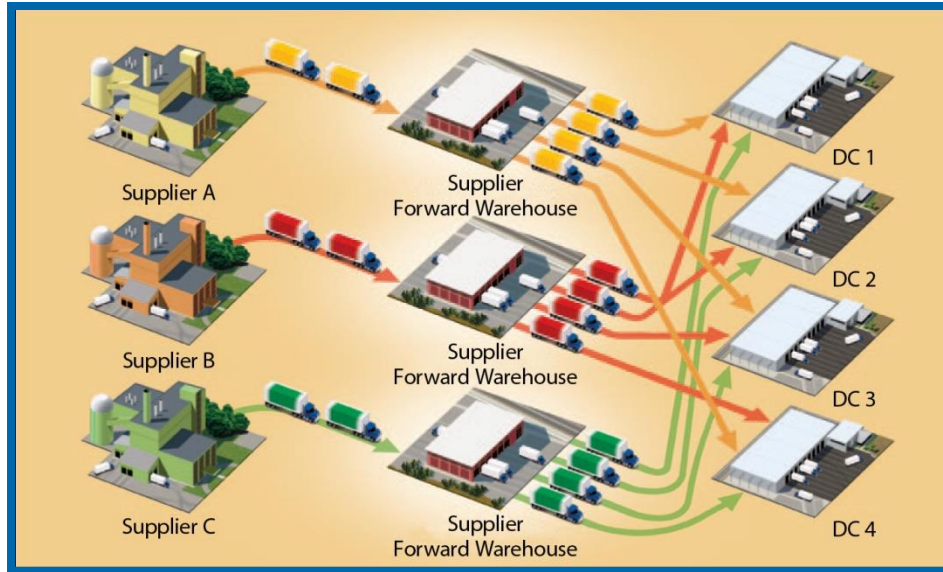
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- Congestion:
  - Impact on Service Performance
  - Related Costs of Delays
- Roadway/Bridge Infrastructure:
  - Conditions and Capacity
  - Truck Only Lanes
- Truck Productivity:
  - Size/Weight Limit Increase (will it happen?)
  - Further Regulatory Changes (HOS, ELDs, etc.)
- User Fees, Taxes and Tolls
- Public Drop Yards (need in major metro areas)
- Intermodal Infrastructure Capacity (need more)
- Interstate Driver Age (should be lower)





# Key Shipper/Receiver Areas of Concern



**CURRENT STATE**



**DESIRED STATE**



# The Armada Advantage

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