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## Increase Productivity to Increase Profits

By Tom Heine, President  
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How efficient is a 3PL? Profitability is one measure. Another is to divide net revenue by the number of employees.

One five-person company I know handles 1,600 loads a month during its peak season. I also know five-person companies that struggle to handle 300 loads a month. Yes, some freight is harder to move, but even among companies handling similar shipments, the disparity remains.

How to raise net revenue per employee? Time management is the key. Every minute of the day is important, but some minutes count more than others. Most freight brokers find a crucial two-hour window in the morning when more trucks are available than the rest of the day. Every minute during those two hours needs to be extra-productive.

So this is the absolute worst time of the day to take a cigarette break, bathroom break, personal phone call, answer e-mails, check sports scores, or anything else that isn't required to move a load. Have a problem load? Can it wait till 10 AM? Move as many loads as you can by 10 and *then* tackle everything else.

For most 3PLs, increasing revenue per employee means increasing the number of loads per employee, and that in turn means reducing the amount of time each employee spends on each load. Time is money. It's important to look at every task and every phone call your people make or take. This is where technology can really help. Let me use Columbus Day to explain exactly how.

## Columbus Day

On Columbus Day (at least in the New York City area) something like 80 percent of people go to work. But on the highway, instead of five miles an hour, traffic goes 60 miles an hour. When 20 percent of the people are off the road, traffic doesn't move 20 percent faster, it goes ten *times* faster. At work on Columbus Day, the phones are quieter; people can catch up on paperwork and, best of all, leave early. When you do only 80 percent of your business, work is easy. Technology can help make every day like Columbus Day.

First, look at the tasks employees are paid to do and see if there is a way to reduce the time it takes by 20 percent. Try to eliminate the need to make or take 20 percent of the phone calls.

The easiest and most common way to decrease calls is to have a web site integrated with your TMW (Transportation Management System). If 20 percent of your customers check their own deliveries, it's Columbus Day for the shipment tracking department.

How much time do employees spend tracking shipments? Some TMS systems will now email or fax the carrier and automatically request an update. That's better than Columbus Day; it's more like Thanksgiving.

Some TMS systems allow selected carriers to accept loads right from your website. If you can move 20 percent of your loads this way, you eliminate a substantial workload, giving your brokers more time to move other loads.

## Carrier Calls

You can burst email or fax to your available loads list so carriers can call you. At Aljex, we have found it takes an average three minutes to call a carrier, wait on hold, and find out if the carrier has a truck available. But it only takes an average of one minute when a carrier calls you looking for a load. That is a 66 percent time saving.

When you have to call the carriers, it helps if your system can advise which carriers to call. Identifying and calling the right guy first saves on calls.

Answering customer questions is another area to look into. If it takes two minutes to answer a customer's question and you can reduce it to one minute, that's a 50 percent time savings. Better than that, if you are waiting on hold for that person, a one-minute wait is a heck of a lot better than two. You save, and your customer is happier.

A few TMS systems have integrated accounts payable so a carrier can check pay status or choose quick-pay options. Even if 80 percent of your carriers don't use it, the other 20 percent aren't calling your staff. Some TMS systems can automatically fax or email accounts payable reports to carriers every week. With tools like these, you can eliminate about 90 percent of those calls. Every day can be Columbus Day for the accounts payable department.

## Bypass the Phone

The most productive 3PLs and freight brokers use EDI (Electronic Data Interface), one of the best ways to save time and money. EDI enables customers to send orders directly into your system. It's generally more accurate too. A customer can also be set up to automatically receive delivery information. A wonderful side benefit to EDI: you are linked into your customer. You are less a commodity and more a business partner. Your company becomes harder to replace. Just a few big clients sending orders through EDI makes it Columbus Day for order entry clerks.

Automatic posting to the Internet load boards is a major time saver. Yet many brokers still post -- and un-post -- to the load boards manually, one load at a time. Don't be one of them.

Nightly burst e-mailing and faxing a list of available loads to a regular carrier base is an easy way to increase productivity. If you only move a couple of loads per day because of this, it's many fewer phone calls that need to be made.

Every task eliminated means time to move more loads. If you can find a way to move even one extra load per employee per week, what would it do for your bottom line?

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