



UPS Supply Chain Solutions<sup>SM</sup>

case study

## Hand-held Fleet Technology Puts Savings in Distributor's Grip

A leading U.S. periodical distributor was seeking ways to enhance customer service, reduce its costs and sharpen its competitive edge in a three-state region. The company engaged UPS Supply Chain Solutions' consulting services team to help design and implement a system of mobile fleet technology tailored to the company's unique requirements.

### Client Challenge

The company operates a fleet of 300 trucks that deliver magazines, newspapers and books to thousands of outlets throughout three states. Each truck holds approximately 50 totes of periodicals and each driver averages 10 stops daily. Their routes include everything from small, individually-owned shops to major supermarket chains, convenience-store chains and airports.

At each stop, drivers must gather outdated periodicals and replace them with current editions. In some cases, each individual product must be scanned by the retail outlet both before it can be placed on the shelf and before it can be removed from the store – a time-consuming process.

The drivers return the unsold periodicals to the company's central distribution center. The company processes the unsold items by hand, another time-consuming process. It can take weeks, and even months, to receive credit from the publishers.

With competition squeezing the margins in the industry, the company wanted to equip its drivers with hand-held technology to improve service and reduce its distribution costs. Working under a tight deadline, the company hired UPS Supply Chain Solutions to help it quickly design and launch a pilot program. UPS Supply Chain Solutions brought in-depth knowledge of fleet-delivery systems and process management to the job.

## Fulfillment

### GEOGRAPHIC AREA SERVED

Three U.S. States

### CHALLENGE

Quickly design and launch a system of delivery fleet technology to enhance service and reduce costs for a company that distributes periodicals to thousands of outlets throughout three states.

### SOLUTION

Tailor a hand-held technology system that can quickly deliver a basic solution to boost driver performance and track product flow, with the capacity to add more complex features for further savings and service enhancements.

### RESULTS

- Completed successful pilot program within tight timeframe
- Gained ability to significantly boost fleet efficiency and customer service
- Tapped automation to improve tracking of products, information and funds
- Identified potential \$6.5 million in annual savings

## Our Solution

Members of the UPS Supply Chain Solutions team began by accompanying drivers on their routes, to observe their tasks and the time required to fulfill them. The consultants also visited the company's warehouses and interviewed employees from the IT, operations and accounting departments. The resulting data was used to create work standards for the fleet and map the flow of products, information and funds through the business.

UPS Supply Chain Solutions then developed a profile of the software the company required for its mobile technology system, including features tailored to track the performance of drivers, enhance customer service and speed up the reconciliation of unsold products. UPS Supply Chain Solutions identified reputable mobile-technology vendors that could fulfill the company's needs and invited them to submit bids. The consultants helped the company interview the vendors, analyze the bids, make a final selection and negotiate a contract.

UPS Supply Chain Solutions then worked with the selected vendor to develop a flexible solution: a basic version of the mobile-technology system to serve the company's immediate needs with the capacity to add more complex features later. As a result, the company achieved its target of launching a pilot program within two months.

The two-week pilot demonstrated that the basic system can effectively track each driver's mileage and time – bringing accountability to their performance. Scanners in the hand-held devices also track the location of each of the totes – from the time they leave the warehouse until they are returned. The system is compatible with those of the company's major customers. Drivers can now simply scan each tote upon delivery to a retail outlet, instead of scanning each periodical. The system also flags retail outlets where the sales volume of periodicals does not cover the company's investment in time.

The company is now rolling out the mobile technology to its entire fleet. UPS Supply Chain Solutions calculated that the basic system can generate \$3.5 million in annual savings by boosting the performance of drivers and adding speed and accuracy to the delivery and the reconciliation of periodicals.

After full implementation of the basic system, the company plans to tap the unique data compression capabilities of the software to capture customer signatures on site. The feature will enable real-time bill settlement and invoicing by the drivers, as well as re-ordering. When the full version of the system is implemented, UPS Supply Chain Solutions calculates that the company can save \$6.5 million annually.

**UPS Supply Chain Solutions worked with the software vendor to develop a flexible solution: a basic mobile-technology system to serve the company's immediate needs with the capacity to add more complex features later. As a result, the company achieved its target of launching a pilot program within two months.**

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