



## ENVIRONMENTAL COMMITMENT

### SAVING MILES, SAVING TIME, SAVING FUEL.

#### **A major delivery optimization initiative at xpedx pays off in a “greener,” more efficient fleet**

For a fleet of nearly 1,000 trucks making 9,000 stops per day, any small improvement in routing efficiency can add up to significant savings in the course of a year.

But operational cost savings represent only one benefit of a delivery optimization program that was initiated in recent years at xpedx. Reinforcing a company-wide commitment to sustainability by enlisting a greening imperative in all operating areas, the delivery optimization program has dramatically demonstrated how much “idle” waste could be driven out of the company’s massive transportation fleet.

#### **Cutting costs and fuel emissions.**

There were two drivers behind the xpedx delivery optimization program. One was cost control, with xpedx achieving a 10 percent reduction in transportation expenses for the vehicles involved in the program. The other was environmental responsibility. Both are critical to the distribution company’s growth.

“We constantly look for ways to be more fuel efficient,” says Frank DeLost, director of supply chain logistics for xpedx. “In 2000 we launched an initiative that enabled us to reduce travel time and the number of miles we were driving. In addition, we knew we could realize significant savings just by lowering our idle time. So we did – in 75 percent of our fleet – reducing idle time from about 16 percent, to three percent.

“Consuming less fuel also means reducing exhaust,” DeLost adds. “That’s why optimizing our fleet efficiency works hand-in-hand with helping xpedx be a good steward of the environment. And that’s critical to our business. In the industries we serve, our customers are very aware of who’s consciously working to become more responsible environmentally.”

#### **“A great tool for managing people and equipment you can’t see.”**

The delivery optimization program has two components. An onboard computer system provided by XATA Corporation was installed on approximately 75 percent of the xpedx fleet. This system interacts with automated routing systems that have been put in place in strategic geographic regions to streamline operations that were once done manually.

“When you factor in all the requirements, manual routing gets quite complex,” DeLost said. “The biggest problem we had was that fuel, equipment and driver usage had the potential to be wasted.”

Automated routing systems build a pick sequence for order printing, and load list for the warehouse based on the route so that the trucks can be loaded in reverse-stop order. A GPS tracking system then links the onboard computer in each truck and measures how closely the driver complies with the optimum route, taking into account DOT and other regulations. According to Rick Helleckson, xpedx manager of logistics and systems for the South Central region, the system typically works like this:

“Each driver has a ‘key’ which acts like a computer disk. When the driver comes in to get his day’s route, he takes his key, puts it in the data station, and his routing package for the day is downloaded.

“Throughout the day, the system tracks all kinds of information about the vehicle: rpms, speed, idle time, tracks miles in a state, time at customer stops, and codes for potential engine problems. Then when the driver ends his route, he puts the key into the onboard computer, uploads the information from that day’s route, and then downloads it into the data station.

“It’s a great tool for managing equipment and people you can’t see,” Helleckson explains.

#### **The savings are significant – and real.**

The on-board computer system enables xpedx to track a driver’s performance, giving xpedx management unprecedented capability to measure nearly every aspect of day-to-day transportation. That means areas for improving truck productivity and fuel efficiency can be identified faster and addressed immediately. Additionally, driver performance improvements (i.e., out of route miles, idle time, speeding, hard brakes, etc.) can be re-enforced immediately. “We use the onboard computer to reward drivers for performance improvements,” says DeLost. “This enables us to recognize our top-performing drivers.

“Before this system, it was easier for drivers to justify letting the engine idle during loading or unloading,” DeLost explains. “Now, of course, we can track idle time to the minute. And we explained to the drivers, ‘Hey, you wouldn’t leave your car running if you went into the grocery store.’ They get it.”

Total fuel savings have been dramatic. Fuel efficiency has improved, from an average of 6 miles per gallon to nearly 7 miles per gallon. That’s an average annual reduction of nearly 670,000 gallons of diesel for the 75 percent of xpedx vehicles utilizing XATA. By 2009, the remaining 25 percent will be equipped as the entire fleet transitions to the vendor’s new web-based system, XATANET®.