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Why FMCG companies need route optimization software?

Like most other industries, there is a climate of change sweeping through the logistics world. Companies involved in supply chain and logistics face significant changes to the way they do business. Changes are happening on all fronts: New companies coming into the industry, introduction of new technologies, the increased customer expectations, fluctuations in demand and completely new business models.

FMCG – Fast Moving Consumer Goods – represent a highly competitive and saturated market in today's globalized world. Retailers are getting even more demanding when dealing with the distribution of their wholesale goods now so more than ever.

Logistics companies need a steady, reliable, and efficient system to manage and optimize the whole process to stay ahead of the competition. The challenge for conventional supply chain and logistics businesses is first to recognize that change is occurring around them and that doing what they have always done simply won't be enough for them to remain competitive. The New Kid on the Block when it comes to logistics software is route optimization software. The advanced solutions in route optimization allow route planners to manage a fleet, get driving directions, add multiple stops, improve productivity, and increase service-level agreement (SLA) adherence, in line with complex business rules, warehouse opening times, traffic regulations, capacity restrictions and delivery deadlines.

With route optimization becoming the need of the hour for virtually every business operation, it becomes imperative that organizations choose their route optimization software with utmost care.

1. Plan activities

Quick delivery is especially important for FMCG companies that often sell food or perishable goods. To help your delivery staff deliver faster and more efficiently, use a route accounting application to schedule activities and prioritize them based on various business criteria.

2. Monitor route compliance

A van delivering products is essentially a warehouse on wheels. You must stock it properly and keep an eye on inventory to meet customer demand. Ensuring that deliveries are met on time on the ground is critical to avoid returns, failed attempts or possible loss of business. Possible delays, changes in schedule and delivery issues need to be detected from early on to better manage customer expectations and adjust the plan on time.

3. Reduce wastage/ downtime

Scheduling operations manually while taking all these factors into account takes up precious time that could have been spent on the road – leading to increased down time of vehicles and wastage of driver work hours, but with route optimization software, all you need to do is input all the variables into the system, and it instantly allocated vehicles, route plans and deliveries in the most optimal way possible, thus reducing delays and wastage of precious resources.

4. Prevent incorrect deliveries

Manual or inefficient route planning application can easily lead to errors, delays, or incorrect deliveries, that could prove to be very expensive for the company in the long run, but with route optimization software, all such constraints of the business are accounted for. Leads are built and

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distributed as per a precise route plan, so the probability of a miscalculation or mistake is almost nil.

5. Decrease distance and time of travel

The route optimization software allocates each load/ order to a specific vehicle and works out an optimal delivery sequence that results in the shortest possible route for every vehicle. This means fewer kilometres driven on the road and less time taken, which naturally brings down the cost of transportation.

6. Cut fuel costs

With fewer vehicles and a lesser number of stops on the road, it results in fewer kilometres travelled, less idling – and simply speaking, less fuel consumed for each vehicle. On a monthly or even a weekly basis, this can add up to considerable savings.

7. Increase productivity

Since the system allocates deliveries to the most suitable vehicles and driver with the right skills and requisite work hours available, this results in absolutely the best possible utilization of the fleet and human resources.

8. Cut down on third party expenses

Fleet managers get a lot more flexibility to run their vehicles. They can run extra shifts or even schedule return visits/ pick up empty containers in the same shift, thus doing away with the need to employ third-party vehicles or drivers to do the extra work.

9. Reduce number of fleet vehicles

Implementing a route optimization solution results in a minimum number of vehicles delivering more orders while covering the maximum catchment area. Over a period of time, companies realize they can do more with less.

10. Lower maintenance costs

Vehicles running on the shortest possible routes mean less time on the roads. Also, when vehicles are allocated optimized route plans, they are driven optimally, with fewer starts and stops and minimal idling due to traffic congestion. All of this means lesser wear and tear of the vehicles. This eventually results in lower repair and maintenance expenses for the fleet.

11. Drive continuous improvements

Advance route optimization and delivery control applications come with embedded analytics tools that cannot only analyse real-time fleet operation data, but also carry out 'what if' analyses – analysing the impact of changing vehicle capacity increasing customer locations, changing days of delivery, etc. Thus, companies can always analyse the financial impact of any new decision as they grow their business.

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