



LA Grinding Company

ArcLogistics™ Reduces Costs and Streamlines Delivery Routes

CASE STUDY



CHALLENGE

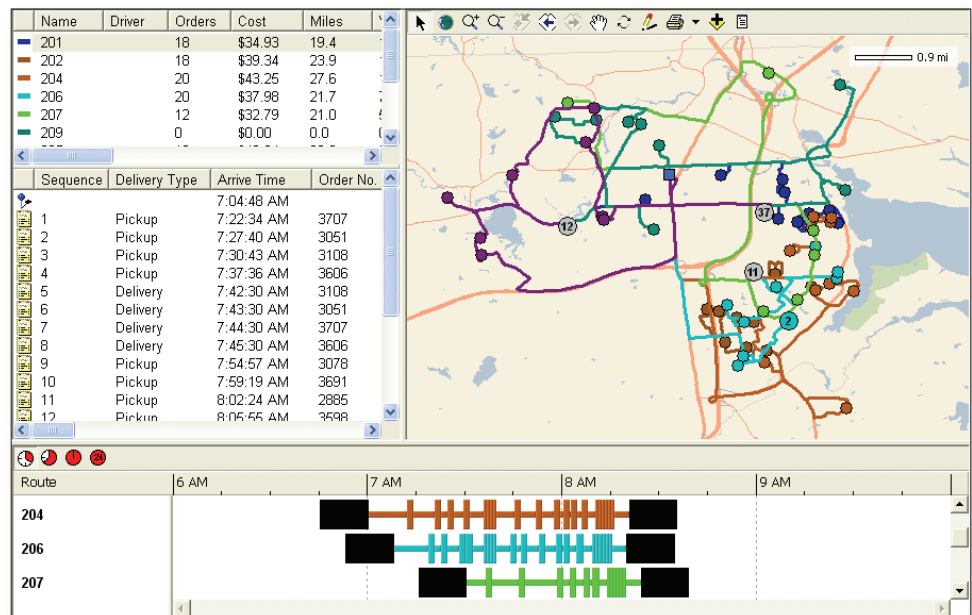
- Rising operating costs
- Creating balanced, revenue-based geographic zones
- Transitioning from a manual schedule to an automated process

RESULTS

- Reduced operating costs by more than \$100,000 in the first year
- Eliminated unnecessary delivery routes
- Increased commissions for drivers
- Lowered maintenance costs for fleet

Background

Founded in 1903, LA Grinding Company sharpens and sells industrial knives used for printing and binding. With six designated delivery routes, LA Grinding serves nearly 8,000 customers across the West Coast; Las Vegas, Nevada; and the Pacific Northwest. Arizona Grinding, the company's subsidiary, serves customers in the Phoenix, Arizona, area.



At a glance, LA Grinding dispatchers can monitor route costs, view the day's orders, evaluate driver time windows, and interact with a map at multiple levels of route/street detail.

The Challenge

A small decrease in revenue noted in some larger accounts convinced LA Grinding executives to review the company's operating efficiencies. Louise Arduini, chief financial officer at LA Grinding, said, "Our guys were spending 50 to 60 hours a week making deliveries. Add fuel bills for eight trucks, insurance coverage, and fleet maintenance, and we knew we were spending a lot of money on our service routes."

LA Grinding needed to find a cost-effective solution to streamline and reduce routing costs. The more than 20-year-old delivery routes needed to be optimized to serve both existing and new customers and include the flexibility to fulfill unexpected will-call orders.

Because LA Grinding averages about three new customers a day, the ability to plan flexible routes and schedules that make it easy to include new pickup and delivery time frames was very important. In addition, some existing clients need annual service, while others require quarterly, monthly, or even daily service. All this information needed to be reflected in the daily routes and schedule. LA Grinding also wanted to create balanced, revenue-based geographic zones for its drivers, who earn a salary plus commission.

Learn more at www.esri.com/arclogistics.

LA Grinding Company

ESRI SOFTWARE USED

ArcLogistics

After unsuccessfully trying out routing software in the late 1990s and again in early 2000, the company became heavily reliant on its dispatchers to manually schedule pickups and deliveries. "Our scheduling managers were doing a great job scheduling the routes; however, faced with increasing costs and wanting to run the business more efficiently, we decided to find routing and scheduling software that would work for us," said Arduini.

The Solution

After seeing a demonstration of ArcLogistics™, LA Grinding quickly recognized that Esri's software solution would enable the company to create optimized routes and solve scheduling issues. "Not only could we upload our customers directly into ArcLogistics to design different routes, but the software immediately enabled us to reduce our delivery routes from seven to six," added Arduini.

To balance routes for the sales force and drivers, the company used the Specialties property in ArcLogistics to enhance each delivery zone with several key input criteria such as customer size and revenue amounts. The company uses the software to create route reports that contain revenue and capacity information.

Arduini said, "At first, some in our company didn't agree with transitioning from a manual to an automatic scheduling process. However, after I produced sets of reports that showed that, by eliminating one route, drivers would make more money, everyone was on board. In fact, they couldn't believe how much more efficiently they were performing."

ArcLogistics has helped LA Grinding dispatchers create efficient routes, providing a platform to combine their business expertise with factors such as driver specialties, customer time windows, and vehicle attributes. Each route created with ArcLogistics also allows them to easily edit and change its routing schedules.

The Results

The return on investment paid off for LA Grinding. Within just one year, the company saved an estimated \$100,000. "By eliminating one route, it has helped LA Grinding realize a significant reduction in operating costs. One less route meant fewer miles driven, a dramatic savings in fuel consumption, reduced overtime hours, and lower maintenance costs for our fleets," said Arduini.

"Reducing one route increased the average number of stops per day from 30 to 40 per driver," explained Arduini. "However, the drivers are able to meet their delivery requirements in less time." With the combination of ArcLogistics and the truck drivers' GPS systems, LA Grinding can immediately pinpoint which truck is closest to a customer location and send the appropriate driver to perform the pickup. "ArcLogistics has proved to be a wonderful software solution for us," concluded Arduini.

FOR MORE INFORMATION



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