

## Case Study- Egg Producer Process Assessment and Cost Analysis

### Issue

This egg producer is the 15<sup>th</sup> largest producer of eggs in the country. They operate a 40 truck private fleet in Texas but admitted that they knew very little about the transportation aspect of their business. We were asked to assess their transportation operation for enhancement opportunities and LEAN application.

### Scope

The purpose of this assessment process is to identify and target critical transportation functions for change that can move them toward excellence in your transportations functions.

### Approach

The “*Fleet Assessment*” was conducted by identifying ALL transportation costs and translating them into benchmarks that were compared to credible national statistics. A brief tour was conducted to verify the assessment findings.

### Results

Significant opportunities were found in each of the eight core categories analyzed.

- Strategic planning was not in place causing significant crisis management responses.
- The fleets DOT record was unsatisfactory.
- Performance standards were not uniform and not monitored.
- The flow of information was still done on hand written slips passed throughout operations. No information system.
- Redundant paperwork and inspections were common.
- Maintenance support was unorganized and skills were lacking.

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## PROJECT PROCESS

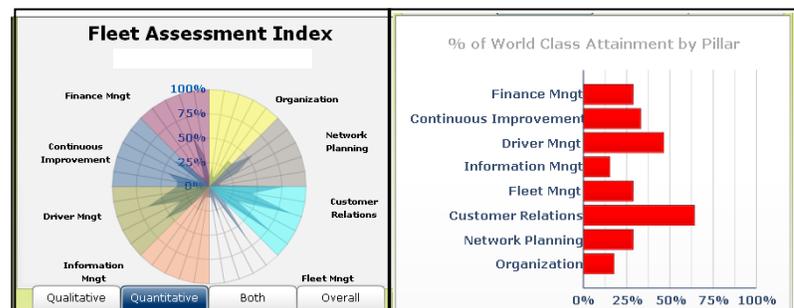
### Assessment:

Using results of a *Fleet Assessment*, a variance from benchmark review was used to identify cost categories outside of typical industry ranges. The last phase then analyzed these major cost categories for practical action plans.

### Major initiatives recommended:

1. Conduct an off-site strategy planning event. Establish a continuous improvement culture with specific performance expectations and accountability.
2. Conduct a simulated DOT audit. Draft specific transportation policies based on strengths and weaknesses discovered.
3. Implement new procedures through a series of passionate meaningful management and employee training sessions using the procedures as a script.
4. Coordinate a new systems implementation to modernize sales and transportation flow. Establish a real time KPI reporting system to provide all managers with applicable cost and performance data.
5. Schedule a Value Stream Mapping session with the administrative and billing staff. Eliminate unnecessary inspections and paperwork.
6. Analyze all needs for maintenance (transportation and production) and assess the required mechanic staffing.
  - a. Make a commitment to bringing equipment in for service on time to allow for smoothing of maintenance scheduling
  - b. Consider reducing Schedule A time allocation from 4 hours to one hour (quick check).
  - c. Establish a trade cycle replacement plan. Forecast equipment needs as far out as possible and use trade out and new arrivals to flex capacity.
7. Begin an active search for backhaul opportunities. Consider addition trailer capacity to minimize driver downtime and maximize customer satisfaction related to profitable traffic lanes.

### Fleet Assessment Index



All eight pillars of the assessment scored deficient with “Organization and Safety” and “Information management” representing the greatest opportunity.

The *Fleet Assessment* was used to define and to begin to measure the score of the project. Eight core “pillars” representing 40 attributes of world class transportation were scored quantitatively and qualitatively.

National benchmarks for private fleets were embedded into the applicable quantitative attributes. During the interactive scoring process these benchmarks were compared to actual business unit costs.