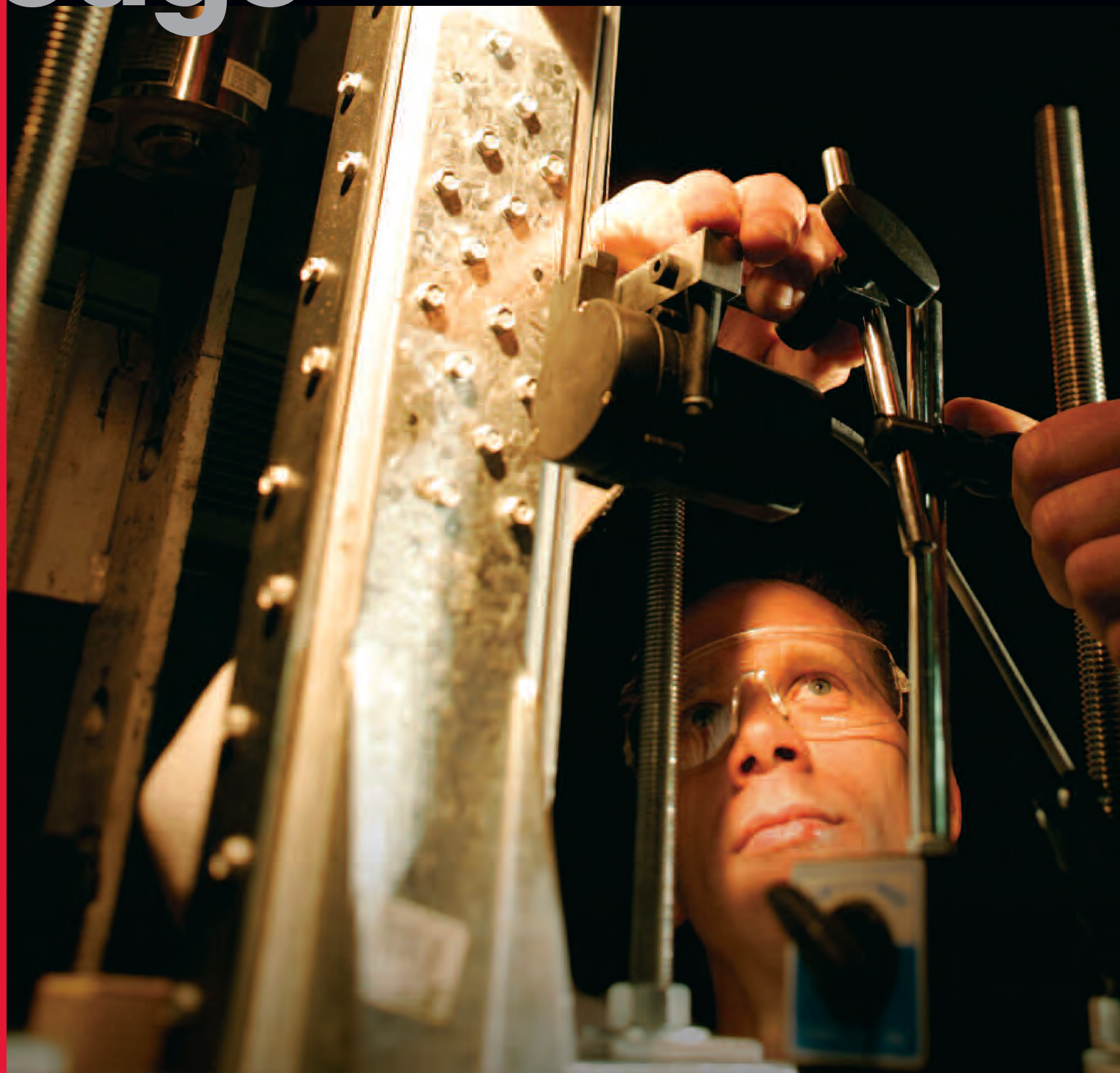


edge

a Ryder System, Inc. publication

Transportation and supply chain solutions for the bottom line



Gibraltar Industries

Outsourcing Transportation Provides Solid Growth For Industry Leader.



Keeping Gibraltar

IN 1972, GIBRALTAR STEEL BEGAN AS A SINGLE-FACILITY
STEEL PROCESSING COMPANY LOCATED IN BUFFALO, NY,
WITH ANNUAL SALES OF \$9 MILLION. 35 YEARS LATER,
INCLUDING THE LAST 14 YEARS AS A PUBLIC COMPANY,
GIBRALTAR HAS NEVER LOOKED BACK.



AT A GLANCE

CHALLENGE

Finding a dedicated distribution and transportation partner to improve overall service performance and maximize efficiencies across multiple divisions.

SOLUTION

Outsource private fleet operations to a third party to provide opportunity for nationwide growth, while enhancing service performance at the local level.

BENEFITS

Improved order to delivery time; reduced costs and increased flexibility through network optimization; improved levels of customer service with access to real-time transportation metrics.

Rolling

Under the leadership of Chairman and CEO Brian J. Lipke, and President and Chief Operating Officer Henning Kornbrekke, Gibraltar is implementing an aggressive strategic plan to continue to diversify its product offering, customer mix, and geographic coverage, while at the same time driving toward new levels of operational excellence.

Today, Gibraltar Industries is a leading manufacturer, processor, and distributor of primarily metal products for the building, industrial, and vehicular markets. Gibraltar serves a large number of customers in a variety of industries in all 50 states and throughout the world. It has approximately 3,600 employees and operates 82 facilities in 26 states, Canada, China, England, Germany and Poland.

From its inception in 1972, Gibraltar's sales growth averaged approximately 15 percent per year until 1993, and 18 percent per year since its Initial Public Offering in 1993.

Throughout its rapid growth, customer service has always been a high priority for Gibraltar and its 21 operating units. It has to be.

The company's Building Products Group, for example, serves Home Depot and Menard's, two of the most exacting, service-intensive retailers in the market. They require Gibraltar companies to deliver products to their retail stores on time, every time. The Gibraltar companies accomplish this task, in part, with a private truck fleet, which the individual business units traditionally operated themselves.

Four years ago, however, one of Gibraltar's building products divisions – Southeastern Metal Co. (SEMCO) in Jacksonville, Florida, – decided to outsource its private truck fleet. "We started out small with a third party logistics provider," recalls Ken Denton, corporate director of transportation and logistics at Gibraltar. "They did a good job at SEMCO, but we saw the need to expand the footprint."

And that was something Gibraltar wanted to do – begin turning more of its divisions' fleet



operations over to a transportation and logistics solutions company that could handle fleets on a much larger, potentially national scale.

After a formal RFQ process, Gibraltar selected Ryder as that provider. Today, a year and a half later, Ryder manages a dedicated fleet of over 50 trucks at four locations within the manufacturer's Building Products Group. Ryder supplies the trucks, drivers and an on-site manager for each location. The drivers wear the uniform of the companies they serve.

"With Ryder," says Denton, "not only have we ramped up our Jacksonville operation, but we've added manufacturing locations in Appleton, Wisconsin, a distribution center in Houston and another manufacturing

Three Goals

When Gibraltar outlined its fleet needs to Ryder, it said it wanted to achieve three goals:

- ▶ Stabilize fleet operations at the various locations to improve service
- ▶ Reduce and/or eliminate cost
- ▶ Pursue ongoing optimization opportunities to continue to reduce costs and improve service across multiple Gibraltar divisions

Regarding the third, longer-term objective, Gibraltar wanted to pursue coordinating backhaul or return load opportunities with its sister companies. "We have freight crisscrossing the nation," explains John Wagner, corporate vice president of supply chain management for Gibraltar, "and needed to set up a process to enable the synergy benefits of combining that freight."

"RYDER DESIGNED SPECIAL RACKS FOR OUR TRAILERS TO HANDLE OUR PRODUCT, WHICH IS LONG (20 TO 30 FT.) METAL ROOFING STRIPS, THAT NEED TO BE HANDLED WITH CARE. THE RACKS ALLOW US TO GET MORE WEIGHT ON EACH TRUCK. WE WERE AVERAGING 18,000 LBS. PER TRUCK. NOW WE GET 25,000 TO 30,000 LBS. PER LOAD. THAT'S A 40 PERCENT INCREASE IN CAPACITY."

JOHN WAGNER - Corporate Vice President of Supply Chain Management, Gibraltar Industries

operation in San Antonio, and we're in the process of evaluating opportunities at other Gibraltar locations. The amount of progress we've made has been impressive. We've improved service and cut costs by optimizing our freight lanes in spite of rising fuel and transportation costs."

"We saw this as a tremendous opportunity to apply this model across Gibraltar's building products divisions and give them total visibility across all locations nationwide," explains Dan McHugh, group director at Ryder. "Gibraltar selected us because we have the infrastructure, technology



and internal resources to pull something like this together.”

Under the current configuration, Ryder manages dedicated truck fleets for three Gibraltar subsidiaries: SEMCO, Appleton Supply and DOT Metals. Here’s a look at each operation.

SEMCO

Southeastern Metals Manufacturing Company, Inc. (SEMCO), is one of the largest manufacturers of metal building products in the southeastern United States. Ryder manages a dedicated fleet out of their manufacturing location in Jacksonville, Florida with service to distribution centers in Miami, Lakeland and Atlanta.

“At SEMCO, Ryder developed a system whereby, when a customer calls our sales department and places an order, the system puts it into a seven-day window,” Denton reports. “The order goes into production, and Ryder keeps an eye on it. As soon as it comes out of production, Ryder combines it with other waiting product and starts optimizing routes and lanes for delivering the load on day seven of the cycle.

“Before Ryder,” Norris Woods, transportation manager at SEMCO continues, “this process was all done manually. We would get pick tickets when the order was in the warehouse ready for access and we would have to put the loads together manually as best we could.”

Appleton Supply

Appleton Supply Co., which manufactures metal building products and roofing accessories, used a 50-50 mix of private fleet and for-hire carriers to transport its customer loads. “In the private fleet, as drivers left Appleton, we were having difficulty hiring replacements,” says Gaylen Haas, director of materials, Appleton Supply. “In some cases we tendered the freight to an outside carrier, but

the carrier was having problems with driver turnover, and in some cases was forced to hold the product too long – which was impacting customer delivery requirements. Appleton’s products are highly susceptible to damage – scratches and dents – and our damage rates were too high.”

Ryder took over Appleton’s fleet and transportation management, and instituted dynamic fleet routing. “The routes we run from their supply chain are not fixed every day,” says McHugh. “Orders come in, and Appleton has a seven-day order-to-delivery window.”

The first step in processing customer orders is to determine whether the product is in inventory. If it is, the order goes to Ryder to be routed. “Based on where it’s going,” explains McHugh, “we know transit times and can calculate when the order should ship to meet the seven-day window.”

If the product is not in inventory, Appleton fabricates it and fills in the inventory, notifying the warehouse when it is available to ship. “We take those orders and optimize them through our software tools,” the Ryder director says. “We then send them back to Appleton, saying, ‘Here’s what you should ship together and on what day.’ The warehouse then fills the orders.”

“If there’s not enough volume for a certain geographical area, we’ll hold the shipments for as long as we can without jeopardizing the service rule,” McHugh adds.

In addition to maximizing the daily fleet routes, Ryder has worked with Appleton Supply to improve

FAR LEFT (FROM L TO R) JOHN WAGNER, V.P. OF SUPPLY CHAIN MANAGEMENT; DAN McHUGH, GROUP DIRECTOR, RYDER; MIKE VALENZIANO, DIRECTOR CUSTOMER LOGISTICS; AND KEN DENTON, DIRECTOR OF TRANSPORTATION AND LOGISTICS REVIEW STRATEGIES.



trailer utilization and thus reduce transportation cost per pound. “We’ve gained a lot of efficiency in our load building and route planning at Appleton,” reports Wagner, “Ryder designed special racks for our trailers to handle our product, which is long (20 to 30 ft.) metal roofing strips, that need to be handled with care. The racks allow us to get more weight on each truck. We were averaging 18,000 lbs. per truck. Now we get 25,000 to 30,000 lbs. per load. That’s a 40 percent increase in capacity.” The racks collapse for backhauls.

“In addition,” Denton continues, “with Ryder’s route optimization system, we were able to go from an average of six stops per load to 12 stops per load.”

Finding Backhauls

One of the other opportunities Ryder and Gibraltar are working to exploit is fleet backhauls – or filling the empty trailers on return runs. “It’s a big challenge to run a dedicated truck fleet that provides the high service level of a private fleet but at a cost that is competitive with a common carrier model,” McHugh concedes. “Where we’ve made great strides with Gibraltar is in our backhaul operations – getting enough consistent backhauls on the return legs of our outbound runs to offset the cost of running the fleet.”

“We have a freight brokerage group that handles securing backhauls for where we have capacity,” he explains. “Our location managers also work with suppliers they know need backhauls.”

Gaylen Haas, director at Appleton Supply, had issues with capacity utilization because of seasonality issues at that location. “After implementation,” he recalls, “Ryder was able to reroute any extra equipment and drivers during our slow season and use them for other outbound and backhaul freight. This allowed us to stay at full staffing year round, retain drivers, and not go through the annual ‘layoff and hire’ process. It also helped us through the training and staffing ramp-up process, while maintaining customer service levels.”

Ryder implemented a global positioning system (GPS) on all of its trucks and with a web-based visibility tool tracks where vehicles are at all times. “This helps from an operations standpoint when we’re looking for freight for our return trips,” McHugh notes. “If we find

a backhaul, and have a truck nearby, we dynamically route it to pick up the load. This technology enhances communication with drivers as well as with our customers. Without calling the driver, we cue up the tool and see where the truck is.”

Gibraltar was trying to find a company that could create connectivity with all materials flows between the different subsidiaries and their plants,” Mark Dewar, director of business development at Ryder says. “They needed a provider with the technology to make such connectivity possible via either EDI or the Web. They wanted to optimize costs across business and operating units, and at the same time, reduce order cycle time and inventory levels if possible.”

In the past, each company within Gibraltar handled its own freight independently. Several Gibraltar companies could be shipping freight along the same routes, but they



CUSTOMER VEHICLE TRACKING TECHNOLOGY AND EFFICIENT DRIVER RESOURCE MANAGEMENT, REDUCE RUNNING COSTS AND MAXIMIZE VEHICLE CAPACITY.



didn’t have visibility into what each other was doing. Ryder set up a website where the different companies can input their loads to gain this visibility.

And finally, at all three companies, Gibraltar’s arrangement with Ryder is flexible. “We can right-size to add or take away trucks as needed,” Wagner notes.

Powerful Savings

The Gibraltar-Ryder partnership has generated a number of benefits for the diversified manufacturer. “Ryder is always working with us to take cost out of our operation,” Wagner observes. “They’ve brought a lot of tools to the table for us to use – such as the routing package, load optimization, and dedicating an engineer to help

“IN OUR ONE-AND-A-HALF YEARS WITH RYDER...THE AMOUNT OF PROGRESS WE’VE MADE IN SUCH A SHORT TIME HAS BEEN IMPRESSIVE. WE’VE IMPROVED SERVICE AND CUT COSTS BY OPTIMIZING OUR FREIGHT LANES IN SPITE OF RISING FUEL AND TRANSPORTATION COSTS.”

KEN DENTON - *Corporate Director of Transportation and Logistics, Gibraltar Industries*



“The more we optimize the freight, the better our cost picture looks,” Wagner says. “Backhauls play an important role in this optimization. We weren’t managing backhaul opportunities as well as we could. Ryder has really helped us there. They work with our locations to find internal backhauls from other company locations, and use their brokerage arm to find outside loads. At the locations Ryder serves, we give them visibility to our freight lanes – including the lanes they do not cover – so

design delivery models throughout our divisions.”

“We have specific delivery appointment windows to meet for every store location for Home Depot and Menards,” Denton says. “Ryder has done an excellent job meeting those requirements.”

Wagner summarizes how Gibraltar has benefited from the fleet outsourcing as follows:

1. Freight costs are equivalent to or lower than they were with for-hire carriers, but the divisions get the high service levels of a dedicated fleet
2. Order-to-delivery time has improved
3. Transit times are regularized and predictable
4. Network optimization and reengineering reduced costs, and improved flexibility and service
5. Backhaul revenues have increased
6. Ryder captures operational data that enables Gibraltar to produce common metrics on all locations.

“Having good operational data allows us to see trends in costs and service issues that weren’t visible to use before,” Denton stresses.



that we can gain the synergy benefits by increasing our weight per truck and optimizing backhaul opportunities.”

“Eventually,” Wagner concludes, “we will get plugged into Ryder so they will see more and more of our freight, whether they are moving it or not.” The results of that cross-enterprise freight management,” Wagner believes, will be powerful savings. **e**

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Ryder offers a complete array of leading-edge logistics, supply chain and transportation management solutions worldwide.

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