

DEDICATED CONTRACT DISTRIBUTION Case study

heavyweight champions



“The key factor for us has been the full team approach that Ryder offer and their willingness to work with us to get delivery performances up and costs down.”

Howco

Howco Group is a leading edge materials management company supplying specialist alloys to the oil and gas industry, handling deep hole boring, milling and automatic nc cutting processes with full ISO 9002 quality control.

A global company with facilities in the UK, Norway, Singapore, Canada and the USA, Howco Group transport large tonnages of metals between their facilities in Scotland and England where most of the processing is carried out prior to shipment around the world.

By late 1996, this successful business was growing so rapidly that the decision was taken to source outside help with getting the transport operation under control.

“Our skills were all to do with steel processing, not transportation, and costs were getting out of control because we had to subcontract so many very heavy loads. Ryder was the one transportation provider who was willing to work with us to determine both immediate and long term objectives and implement strategic solutions to our problems.”

Thus it was that in July 1997 Ryder won the competitive tender for the business, and immediately began to implement the changes that would bring about several key transportation objectives defined in partnership with Howco managers.

These included achieving a cost per ton of less than £50 for the transportation of product and the reduction of sub contracting from 30% to 15% - a key cost factor given Howco's extremely heavy delivery loads – and a major improvement in delivery times.

“We set a performance target of 99% for same day deliveries for those customers who needed it” said Managing Director, David Eastcroft “and set out to achieve agreed time windows with other key customers. We were also determined to reduce product damage and returns.”



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PROBLEM:

- Requirement for supplier to help define key transportation objectives.
- Need to outsource transportation to concentrate on core activity.
- Costs to be brought under control.
- Improved delivery accuracy required.
- Flexible response needed to cope with business fluctuations.

SOLUTION:

- Ryder team approach to setting achievable added-value objectives.
- A fleet of vehicles and a dedicated team of drivers and managers take full responsibility for the transport function.
- Cost improvement programme implemented.
- High customer service levels includes 99.8% delivery accuracy.
- Contract allows for responsive expansion/contraction of provision to reflect operational demand.

With these objectives set, Ryder provided two 17 tonne and two 7.5 tonne vehicles plus one tractor unit with trailer, all with drivers, three of whom transferred from Howco's own workforce under Ryder's well-established TUPE arrangements.

The provision expanded sharply after 6 months and this was followed by a downturn in the oil and gas industry. Ryder was able to demonstrate their flexibility by adding and removing vehicles in line with fluctuations and demand, giving Howco a rapid change capability.

Today Ryder are making 9,360 deliveries per year for Howco and vehicle utilisation is in excess of 82% in tonnage carried. Monthly key performance indicators show that the objectives initially set are realised, with delivery accuracy currently at 99.8%, high levels of customer satisfaction registered and costs per tonne and per delivery sharply reduced.

