

**edge** a Ryder System, Inc. publication

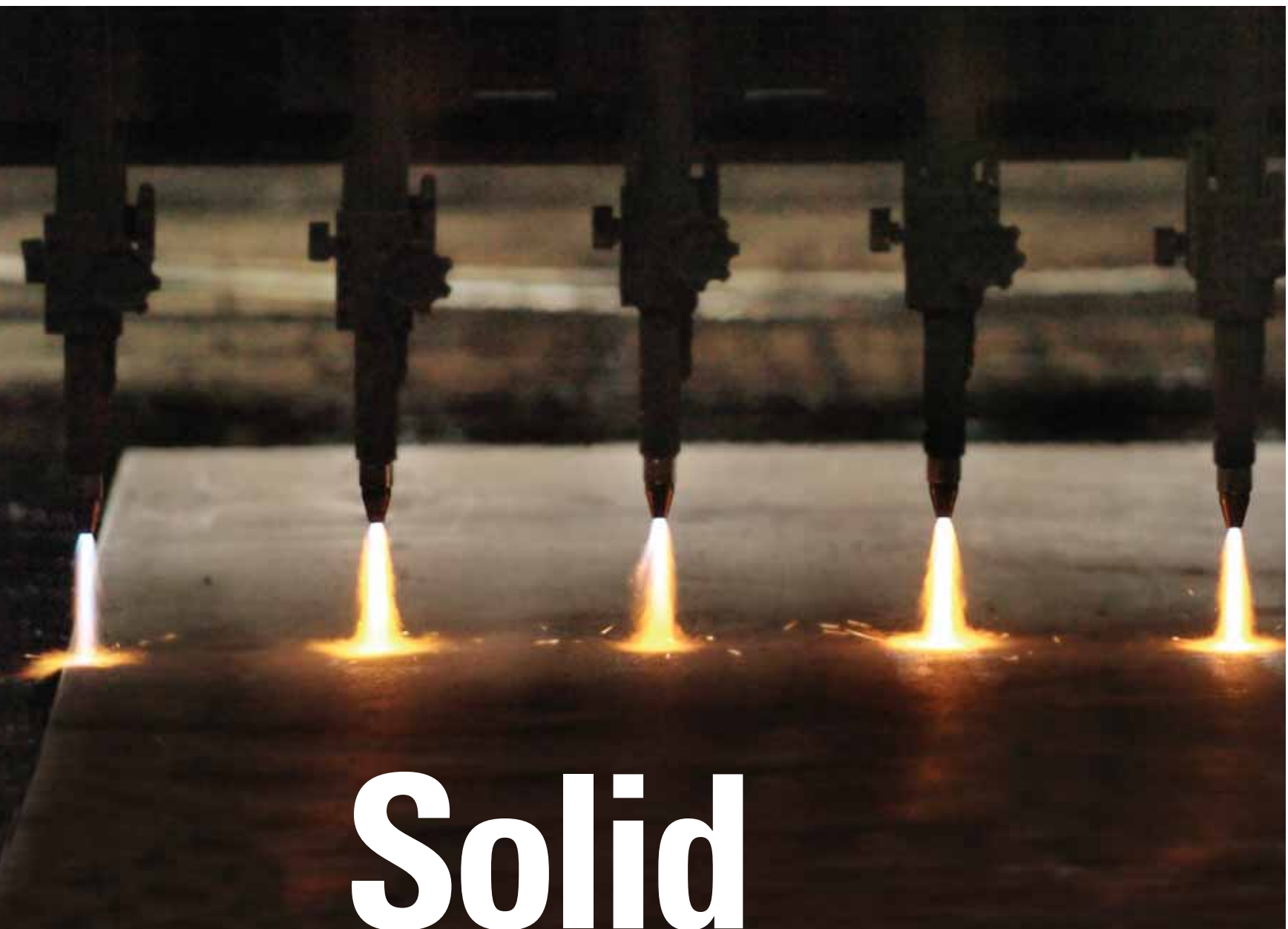
Reprinted from **edge** Ryder's business magazine

Transportation and supply chain  
solutions for the bottom line

# Ryerson Inc.

Delivering  
Premium  
Service





**Solid**

**Strategies**

**Solid**

**Solutions**

common carriage to dedicated equipment and drivers. We believe this plan has a significant savings potential.”

### Specialized Needs

Ryerson’s fleet consists primarily of traditional flatbed trailers. “However,” says Tompkins, “in some areas of the country, we do have issues around protecting our product from the weather. In the North for instance, our steel, aluminum or stainless – if exposed to snow and rain – can undergo some appearance degradation. So we use flatbeds with a rolling tarp system to transport these materials. These trailers have a rollaway canvas top – an automatic tarping system.”

“On these trailers,” the Ryerson VP explains, “everything is loaded and unloaded by cranes, so the trailer cover and structure have to be moved for loading and unloading. With a conventional tarp, the driver has to manually remove and replace it for each stop. This is not only hard work, it is time consuming.”

A rolling tarp system is automatic. “Figure the typical truck stops six times in a day, and the driver has to brave the winter weather to untarp and retarp his load,” Van Teylingen says. “The rolling tarp system really speeds up actual delivery time at customers locations. It also makes the driver’s life a whole lot better.”

### Reengineered Routes

When it assumed control of Ryerson’s fleet operations at the four locations, Ryder reengineered their route structures to make them more efficient. This process remains ongoing today.

On a daily basis, Ryder uses Ryerson’s routing and scheduling software solution to map out each day’s optimum delivery routes from each service center. By and large, the locations will service portions of several states. The system finds the most direct routes so as to minimize the amount of freight transshipping and handling. It looks at the orders that need be delivered from a service center by zip code and address. Then it creates the loads – making sure product is properly sequenced by customer stop onto the trailer – and optimizes the stops plan for each truck. It also takes into account customers’ delivery service requirements, which vary tremendously.

“In some cases, when we reengineer a route, we need fewer trucks and drivers, which means we reduce

our revenues,” Van Teylingen notes. “But that’s the right thing to do for Ryerson.”

### An Integral Part of Service

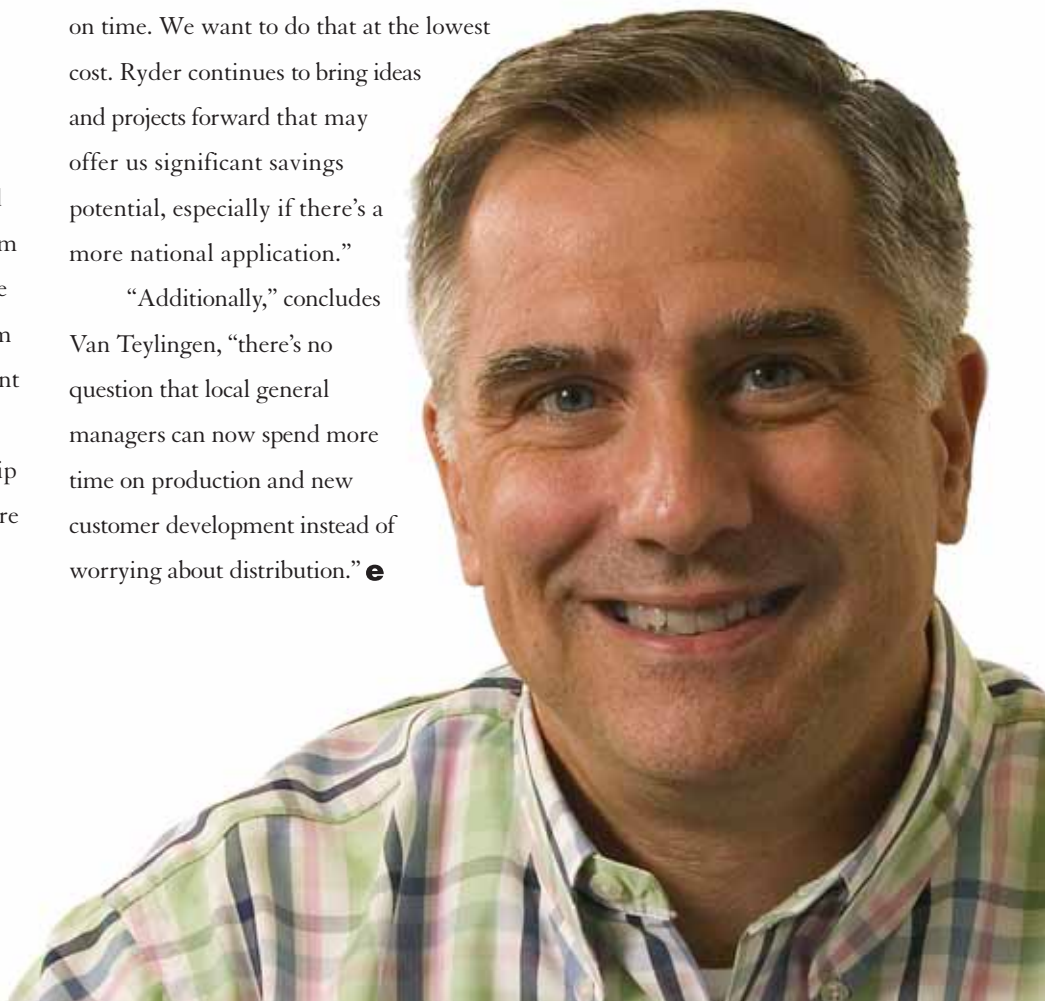
Ryerson realizes a number of benefits from outsourcing fleet operations to Ryder. Observes Tompkins, “We like operating a dedicated truck fleet because it gives us the ability to control cost and have a greater degree of certainty over our delivery timing and performance. These are the two chief reasons why we’re using a dedicated fleet.”

“In addition, however, Ryder has helped us lower our overall freight costs, and reduced our liability,” the VP continues. “Ryder has made our routes more productive, helping us increase the number of stops we make per route. Ryder has really been helping us drive to higher levels of efficiency without sacrificing delivery quality or timeliness.”

“Most of the folks running the fleets were plant managers,” says Van Teylingen. “Allowing plant managers to concentrate on what they do best, which is to inventory, process and sell product, was a big priority. They didn’t want to have to worry about maintenance, fuel, managing the fleet and the logistics engineering that goes along with one.” Outsourcing the fleet took care of that.

“At end of the day,” says Tompkins, “everything is driven by our ability to deliver to our customers on time. We want to do that at the lowest cost. Ryder continues to bring ideas and projects forward that may offer us significant savings potential, especially if there’s a more national application.”

“Additionally,” concludes Van Teylingen, “there’s no question that local general managers can now spend more time on production and new customer development instead of worrying about distribution.” e



**“WE LIKE OPERATING A DEDICATED TRUCK FLEET BECAUSE IT GIVES US THE ABILITY TO CONTROL COST AND HAVE A GREATER DEGREE OF CERTAINTY OVER OUR DELIVERY TIMING AND PERFORMANCE.”**

*CRAIG TOMPKINS - Vice President of Operations and Materials Management, Ryerson*

An outsourced fleet, Ryerson believed, would limit the company’s liability exposure in case of an accident. “It would also ensure that fleet vehicles are well maintained, updated and renewed on a regular basis so they were running in the best condition,” notes Van Teylingen. “And finally, drivers and all their issues – hiring, training, turnover, workers compensation, accidents and so on – would become the 3PL’s responsibility.”

After a thorough assessment, Ryerson decided to outsource fleet operations in four locations to Ryder – Cincinnati, St Louis, Chattanooga, Tenn. and Orlando, Fla.

### **Transforming the Fleet**

As a first step toward outsourcing to Ryder, Ryerson standardized the fleet equipment and leased all equipment through Ryder. “This has given us a tremendous amount of control,” Tompkins says. “We have a single point of contact for managing all of our outbound delivery activities. That makes things much simpler and much more efficient.”

“The larger opportunity we have been pursuing with Ryder, however, is turning our local fleet – which is all

flatbed trailers – into a dedicated contract fleet,” Tompkins says. “At our larger locations, for example, each had its own dispatcher who made sure loads were picked up and so on. We outsourced that local freight management activity to Ryder. They have visibility into all of our outbound freight and can make routing and scheduling decisions that take our total volume into account.”



Typically, Ryerson loads its outbound flatbeds from midnight till 5 a.m. The Ryder drivers come in around 5 a.m. and make their local deliveries between 7 a.m. and 3 p.m.

“We and Ryder constantly monitor the fleet’s performance,” Tompkins says. “We meet quarterly to review performance and fleet status, share operational updates and review costs. Both Ryder and Ryerson track certain productivity measures, and we challenge Ryder to tell us where they see opportunities to take cost out.”

Ryder, in response, analyzes Ryerson’s processes to streamline them – like combining routes or changing operations that determine which truck takes a particular service route. “These measures result in real net savings in overall freight costs,” Tompkins reports. “This is activity driven from our local level, based on local site operations. But we also work with Ryder at a higher level to explore broader options. For example, one idea Ryder is pursuing is expanding the dedicated routes to capture multiple Ryerson locations and run larger swings throughout a region. This would keep the truck busy throughout the week, and shift the freight away from

**BY IMPLEMENTING AN AUTOMATIC TARP SYSTEM ON THEIR VEHICLES, RYERSON NOTICED AN INCREASE IN PRODUCTIVITY AND IMPROVED DELIVERY TIME.**





*In the cutthroat metals pro-*

*cessing business, Chicago-based Ryerson Inc. believes that service is the factor that differentiates it from its competitors.*

*Ryerson is a leading North American distributor and processor of metals, with 2006 revenues of \$5.9 billion.*

*The company serves customers through a network of service centers across the United States and in Canada, Mexico,*

*India and China.*



## AT A GLANCE

### CHALLENGE

Seize an opportunity to improve outbound customer distribution service while at the same time reducing transportation costs within a decentralized distribution network.

### SOLUTION

Converting an inefficient private fleet in key markets to dedicated contract carriage by a third party logistics provider. A single point of contact provides control and added efficiency.

### BENEFITS

Reduction of overall freight costs, reduced driver liability and improved delivery performance and customer service.

Ryerson has identified five strategies or promises to customers that it says are core to its business. The company proudly displays these five strategies on its website, calling them “The Big Five”. These promises aim to make Ryerson’s customers’ metal procurement process “easy, dependable and worry-free”. Ryerson’s “Big Five” are:

- ▶ Available inventory.
- ▶ On-time delivery. Every time.
- ▶ Competitive prices.
- ▶ Quality product.
- ▶ Rapid response.

Delivering product to customers reliably – as close to 100 percent on-time as possible, cost effectively and damage free helps Ryerson accomplish these five service strategies. The company uses a dedicated fleet, managed by Ryder System Inc., to do so at several locations.

### Growth and Change

Ryerson adopted its present name on January 1, 2006, shelving its old name, Ryerson Tull, Inc. Before completing an initial public offering in 1996, Ryerson was a



hub and spoke production and distribution network whereby we perform processing at a handful of specialized processing locations and then distribute the product out to local service centers, of which there are more than 100. From there, we deliver the material to the customer using our dedicated fleet of flatbed trucks.”

“Our major production facilities offer a full range of metals processing services,” the VP says. “For example, they take large coils of steel, aluminum, stainless and other metals or alloys, and process them into varying sizes and configurations.”

“We also have a very significant transactional business, which typically involves meeting quick turnaround requirements,” Tompkins explains. If a machine shop, for example, needs sheet metal to do some fabrication, they call Ryerson today and receive their delivery the next day. “We source and inventory metal products for these one-off customer buys,” Tompkins reports. “Those orders typically go from a mill to one of our service centers, which might then do a small amount of processing. So if a mill supplies steel angle in 20-ft lengths, and the customer needs it in 8-ft. pieces, we cut it down at our service center.”

“Companies look to us for ready-to-assemble parts to reduce their work-in-process inventory,” the VP continues. “They want to streamline outsourcing to a single provider in order to reduce handling costs and inspection points, eliminate scrap handling and minimize capital expenditures. We can support our customers through an ongoing inventory



**(FROM L TO R)  
KEVIN TIPTON,  
LOGISTICS MANAGER,  
RYDER; JOE VAN  
TEYLINGEN, GROUP  
LOGISTICS MANAGER,  
RYDER; ROZELLE  
WINTERS, OPERATIONS  
MANAGER, RYERSON,  
REVIEW STRATEGIES.**

wholly owned subsidiary of Inland Steel Industries. In February 1999, the company became an independent, publicly traded entity. In January 2005, Ryerson acquired Integris Metals, Inc. from its shareholders Alcoa, Inc. and BHP Billiton.

“Ryerson is one of the largest steel service businesses in the United States and Canada,” reports Craig Tompkins, vice president of operations and materials management for the company. “We are a distributor, processor and fabricator of metals for distribution to major industries like truck, appliance and heavy equipment manufacturing.”

“We are in every major market in the United States and Canada,” Tompkins continues. “We have an internal

management program or on an emergency basis.”

“We help our customers improve their cash flow through our outsourced services,” he notes. “Plus, we take responsibility for all work performed, including jobs where we enlist the services of our extended fabrication network.”

### A Decision to Outsource

Ten years ago, Ryerson was operating a private truck delivery fleet to serve its customers, owning and/or leasing the equipment and employing a corps of drivers. Some of this equipment was covered under full service lease arrangements with Ryder, explains Joe Van Teylingen, group logistics manager at Ryder.

The metals company supplemented these fleet operations with services from a series of common carriers that handled intra-company transfers. “There was a lot of local autonomy over distribution decisions,” Tompkins



reports. “Each individual location was making its own carrier and transportation selections and routing decisions.”

Ryerson management wanted to improve its outbound customer distribution service, and at the same time get a better handle on delivery costs. The metals producing mills (from which Ryerson buys) control their outbound freight to Ryerson facilities. “We don’t have a whole lot of say in that logistics opportunity,” acknowledges Tompkins, “although we’re trying to break in. So most of our work has focused on improving intra-company and outbound distribution to customers.”

To this end, Ryerson began looking at where it might make operational and economic sense to outsource distribution activities. The private fleet seemed a particularly good candidate – i.e., converting it to dedicated contract carriage provided by a third party logistics service provider (3PL).

### RYERSON’S “BIG FIVE” PROMISES TO THEIR CUSTOMERS



*Available inventory.*



*On-time delivery. Every time.*



*Competitive prices.*



*Quality product.*



*Rapid response.*

## **Worldwide Headquarters**

Miami, FL - USA

## **Regional Headquarters**

### *Asia*

- ▶ *Singapore*
- ▶ *Shanghai, China*

### *Canada - Toronto*

### *Europe - London, U.K.*

### *Latin America - Miami*

- ▶ *Mexico City, Mexico*
- ▶ *Sao Paulo, Brazil*
- ▶ *Buenos Aires, Argentina*
- ▶ *Santiago, Chile*

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

## **Supply Chain Solutions**

- ▶ *Lead Logistics Management*
- ▶ *Inbound Manufacturing Product Flow*
- ▶ *Network Design*
- ▶ *Professional Services*
- ▶ *Integrated Logistics*

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- ▶ *Warehouse Facilities Management*
- ▶ *Cross-docking*
- ▶ *Vendor-managed Inventory*
- ▶ *Multi-client/Shared Facilities*
- ▶ *Facility Network Design and Planning*
- ▶ *Facility Design*
- ▶ *Professional Services*

## **Transportation Solutions**

- ▶ *Dedicated Contract Carriage*
- ▶ *Carrier Procurement*
- ▶ *Shipment Planning and Execution*
- ▶ *Freight Bill Audit and Pay*
- ▶ *Mode Optimization*
- ▶ *Freight Brokerage*
- ▶ *Transportation Management System (TMS)*
- ▶ *Global Trade*

## **Fleet Management Solutions**

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