

# smartmoves

@ JohnsonDiversey



JohnsonDiversey is a leading global provider of commercial cleaning, sanitation and hygiene solutions serving a diverse worldwide customer base.

In Australia their customers are dispersed throughout the nation. All deliveries originate from Sydney where much of the product is manufactured.



Mr Reemeyer  
National Operations Manager  
JohnsonDiversey Australia

## A logistics challenge

Every day the Sydney warehouse needs to prepare and dispatch multiple line haul deliveries to a network of Distribution Centres across Australia as well as delivering all local orders directly to their clients.

This complex mixture of line haul and local deliveries, local and country rates and multiple carriers presents a major challenge for National Operations Manager Darren Reemeyer to be able to offer high customer service levels at affordable costs.

"We currently use a total of 14 carriers with three specialising in line haul. The line haul carriers make 15 interstate deliveries a week with local carriers responsible for thousands of local deliveries from 8 interstate Distribution Centres and numerous depots."

"Before Moveitnet we used to pick all of our interstate orders as a single batch and handwrite the consignment notes.

When the individual orders were repicked at interstate depots carton labels were also handwritten with marker pens for each carton.

Labour costs were high and mistakes in quantity or delivery details were common.

Tracking late or missing consignments was a nightmare and it was impossible to quickly and accurately produce end of month freight accruals and do freight invoice reconciliation," said Mr Reemeyer.

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In 2007 Mr Reemeyer decided to grasp the nettle and update all of their distribution and despatch processes in a single stroke by installing the Moveitnet on-line outbound Freight Management System.

#### Step one—getting the basics

“When we first started using Moveitnet we only used the basic despatch functions for the first six months but even they improved the speed and accuracy of despatch from day one,” said Mr Reemeyer.

“Their system looks and works the same for all consignments but it produces documentation both in hard and soft copy to suit the quite different needs of all of our carriers” he said.

“Our first improvements were in the reduction of labour costs to produce proper, more accurate consignment documentation and carton labels for less than pallet lot shipments.

However, over time I pushed our team to work on using more of the

Moveitnet functionality. We kept working on new ideas and we soon found other good savings,” he said.

#### Step Two -Pre-printing carton labels for interstate cross docking

“For example, we started to use Moveitnet to generate carton labels and consignment notes for all orders that were to be repicked interstate before they are shipped from Sydney. This made interstate picking and despatch a breeze.

We do thousands of small deliveries to every Kentucky Fried Chicken, Red Rooster and Pizza Hut store in Australia. With so many orders being manually consolidated, bulk shipped and re-picked, we were writing off around \$1500 to \$2000 per month in lost freight. With Moveitnet that problem has entirely disappeared.

Not only do we have happier customers and have saved on replacing stock, but we have saved probably as much again in time and money fixing up the errors and paper work.” he said.

#### Automatic Order Consolidation of Line Haul Freight

“Line Haul takes up 65% to 75% of our freight each month; Moveitnet helps us save money by batching orders to the same delivery point which saves on freight charges. What’s more, because it knows the weight and cube of every consignment, it also helps maximize our truck cubic utilisation. Another good cost saving”.

#### Tracking the Costs of Individual Consignments in consolidated Line Haul Freight

“We line haul resupply orders from the warehouse in Sydney to interstate distribution centres. But we also often have, say 60 smaller orders that we can send on the same truck. Previously working out the individual freight cost of these orders was almost impossible.

Now Moveitnet breaks down the individual line haul charge per customer based on weight and size of each line haul consignment. It then adds the local delivery charge based on Metro or Country



rates to give us a precise total delivery cost for each order”, said Mr Reemeyer.

#### All those cost reductions add up

Although he says that JohnsonDiversey are only using a small portion of Moveitnet’s total available functionality Mr Reemeyer said he has still seen dramatic reductions in their freight spend and good savings in despatch and back of house costs.

“Moveitnet has definitely had a huge part to play in saving us money. Two years ago our freight spend was 8.3% of net sales. Last year we got that down to around 7.8 -7.9% of sales. This year we are coming in at 6.6 - 6.7%.” That’s a 20% reduction of our direct freight cost and we are still improving” he said.

**Using the power of Moveitnet to get the best answers**

Moveitnet has a standard reporting tool that can deal with most day to day summaries but if you want to go fishing for in depth insights, or to carry out complex analysis and reports

then Moveit Analytics is a remarkably powerful tool. As Mr Reemeyer explained,

“As we got used to the system more and more issues arose where we were able to make good use of analytics. At first we tackled smaller problems but as we got used to it we got more and more ambitious” he said.

Here are some examples of successful analytics outcomes.

#### Smaller Wins

“We’re using Moveit Analytics more and more. It’s not totally 100% responsible for what we have saved but it does give us the means to look behind the day today issues and look back at what has happened or work out what might happen.”

“For example by analysis we found we were doing 15 separate deliveries to Monash University Medical research centre every single week.

It took one car trip and a cup of coffee from McDonalds to sit with a lady in Receiving and ask, “Is there any way we can send all orders to you once a week, on a single pallet? We can provide Moveit labels on



**“Apart from the in house cost savings we slashed our direct freight costs by around 20% over 2 years and we simply couldn’t have done that without Moveitnet.”**

- Darren Reemeyer

“Moveitnet is able to calculate the cost of each individual order within a consolidated shipment. That means that I can pull out the costs for each division and each state for each order and calculate the cost as a percentage of sales”



each carton to identify which of your departments it belongs to. She instantly agreed. We have now slashed the cost of servicing that client by doing a single weekly consolidated delivery” said Mr Reemeyer.

To meet management reporting requirements and to justify operational changes Mr Reemeyer needs to provide detailed and accurate reports to JohnsonDiversey’s regional office in Singapore.

### Those Special Reports

“These reports can be complex and time consuming to produce, but with Moveitnet whatever you put in it will give you back real fast and with all the detail.

#### Freight Accruals

“Another big saving for us would be freight accruals. Getting them right is very important to allow us to get our monthly performance reports out quickly and accurately. For example we have 4 different

sales divisions that ship orders to each state. I have the job of allocating freight costs for each division by each state. Carriers send invoices at different times, often covering different periods. Because of the high volume of consignments with many different carriers and the fact that we batch pick interstate orders and consolidate consignments to reduce freight costs, allocating costs is a real challenge.

We used to have no visibility of what our freight expenses were, I’d come in here shaking the week after month end and think what am I going to do? Now with Moveitnet it’s not an issue.

Moveitnet is able to calculate the cost of each individual order within a consolidated shipment. That means that I can pull out the costs for each division and each state for each order and calculate the cost as a percentage of sales.

I feel confident now that every month what we send through is accurate, plus a small buffer to cover us in case there are those

odd surcharges and demurrage that the Moveit system can’t know about. Nowadays we are on the money every month.” said Mr Reemeyer.

#### Comparing Freight Quotations

Moveitnet Cost and Performance Manager’s analytics engine, provides accurate and timely visibility of JohnsonDiversey’s freight costs.

“It’s always a challenge to compare freight quotations because they so often use different methods of charging. I also get regular questions from our regional office asking for cost comparisons and analysis. Keeping on top of that was hard work. In the bad old days I’d be sitting up till midnight day-in, day-out.

But with all the data now stored in Moveitnet and some smart analytical tools, it’s so much better and easier”, he said.

“Our new Value Change Director wanted a comparison of what we are doing now with many carriers



as opposed to using two large carriers throughout Australia”.

I was able to download complete details of all the deliveries we did nationwide from Jan through to the end of April.

It was amazing. Just imagine being able to analyse 16000 consignments in 5 minutes by the click of a button. By simply adding the proposed new carriers' zonings and charge rates we found that we would have paid an additional \$1.4 million over four months!”said Mr Reemeyer.

### Invoice Reconciliation

“Moveitnet gives us reports of the contracted freight rates for each consignment and totals them for every carrier each month. That makes checking freight invoices easy. But there is less need to check them these days because our carriers know we have a tool that can compare what we should be paying versus what they billed us.”

**The benefits of Moveit being internet based**

“We decided to set up contracted

freight rates and routes within Moveitnet ourselves. In retrospect that was a mistake because it took us ages to fit in that work amongst everything else that we had to do”.

“Because Moveitnet is on line they often do all of this set up work for their clients and that would probably have got us better results earlier”.

“Maintaining the data in the system is fine. We can get Moveit to help us from Adelaide if we want to, but mainly we can update everything ourselves. For example maintaining freight rates for all carriers is pretty straightforward. There is provision for a variable fuel levy which makes that easy to maintain as well”.

“Using Moveitnet is really easy because we just log onto the system. We don't really involve our IT department in anything because the whole system is professionally hosted from a central location”.

“We have authorised limited access into Moveitnet for most of our carriers so that they can go online anywhere and update information into Moveitnet giving us real time delivery confirmation”.

“Moveit are always adding new functionality into their system either because of their own development program or because clients have requested them. This means that we get new opportunities and ideas all the time so that we never stop improving.” said Mr Reemeyer

### Future

By introducing new functionality in a measured way Mr Reemeyer is easily able to manage the downstream efficiencies that Moveitnet brings to the whole distribution chain.

“Our current initiative is to get more soft copies of POD's available on the Moveitnet system”.

“Most of our carriers don't have sign on glass POD's so that we have been relying on a paper driven system. We are currently working with Moveit to change all that.



**“Since I started using the more powerful Moveitnet features I have been able to work smarter and get better results faster, with far less stress.”**

- Darren Reemeyer



**“Having POD’s visible on Moveitnet in accounts and customer Service will stop all those inquiries coming to the DC and let everyone do their job better”.**

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Moveitnet has a low cost solution to provide us with soft copies of the POD much faster and more reliably.

Their system can generate special consignment notes with a code that can be optically recognised. Once we have the customer signature these sheets can be scanned and transmitted to Moveit. After processing in real time, these PODs appear on the Moveitnet screens where they are available to customer service or accounts so that it is easy to deal with customer delivery enquiries and to follow up on delayed payments.

We are currently about 30% there and I am keen to make that 100% as soon as we can.

Customer service is a big issue for us. We receive 15 – 20 requests a day for POD’s. We have certain

customers that require a POD before they pay any bill.

Having POD’s visible on Moveitnet will stop a lot of inquiries coming through to our distribution centre because they can log in from anywhere and cut out the double handling we are doing.”

“Having POD’s visible on Moveitnet in accounts and customer Service will stop all those inquiries coming to the DC and let everyone do their job better”. Darren Reemeyer



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