

LOW TECH PROFIT BOOSTER

Sometimes using low tech tips and tricks to improve profits work great and cost nothing. There are some real gems out there that it seems very few companies are using. Those who are using this one low tech trick absolutely love it. Why? Because it saves them \$150,000 up front and then more each year.

Years ago, I too scoffed at this “insider” trick. After doing the math, seeing it in action across dozens of other propane and fuel delivery companies, then using it in over 80 fuel operations of my own or with clients we all agree that this is a fantastic, easy to use and effective “No/Low Tech” way to boost profits.

Better yet, when you too invest this “newly found” improved profits into High Tech tools your profits will get a double boost. “Save money in one place and reinvest it in high tech tools for your business where it gets a 10X return”.

So what is the Low Tech trick? Simple... “its all in how you slice up the work week”.

A few years ago (in one of our colder winters) while at a client’s office the owners shared that their spares were all out of action



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and now one of their front-line fuel delivery trucks just went down too. It was cold, deliveries were stacking up fast, run-outs were imminent, and they had a serious fuel delivery truck shortage. We shared this trick with them and not only were they able to handle the increased deliveries, prevented run-outs, reduced payroll hours and that spring they sold off one fuel delivery truck (banked the money). Since then they have continued with this trick and it has saved them tens of thousands of dollars every year since.

The trick is easier and simpler than expected yet it works great. In its essence it is a perspective change in how we approach delivery scheduling. It requires a knowledge of how our delivery drivers operate and how we can better utilize their billable time. No it may not work everywhere but it works 95% of the time.

Most companies have their delivery drivers work 40-hour work weeks. Any more than that becomes overtime. Most companies split the 40 hours over 5 work days – Monday through Friday. Then they usually have to pay more overtime for weekend deliveries. When you change their work day to Four 10hr days AND open the work day up to Monday through Saturday several Very exciting things take place:

You now can minimize overtime daily as you have drivers on duty a bit longer

You can now minimize overtime on the weekend as you have a driver working Saturday as a regular occurrence

As each driver only needs 4 of the 10-hour delivery slots to fill their 40 hour requirement you have 2 – 10 our slots available for a truck each week. Doing the math on 2 fuel trucks offers 12 total 10-hour delivery slots per week. That is equal to the 12 scheduled delivery slots that 3 drivers need. So in essence you can schedule 3 drivers on 2 fuel trucks as seen in the image below.

New Paradigm:

Employee	MON	TUE	WED	THU	FRI	SAT	SUN	Weekly Hrs
Employee 1	truck 1	truck 1	truck 1	truck 1				40
Employee 2			truck 2	truck 2	truck 2	truck 2		40
Employee 3	truck 2	truck 2			truck 1	truck 1		40
Bobtail Hours	20	20	20	20	20	20		
Trucks Needed	2	2	2	2	2	2		

Benefits:

- Need 33% fewer fuel trucks – save \$150,000+ on purchasing a new truck
- Less overtime on weekends and evenings – save money
- Drivers love 4-day work weeks – retain and attract better drivers
- You get 7.5 more delivery hours per week from each driver saving over \$8,600 in payroll annually *see explanation at bottom
- You get better asset (fuel truck) utilization and better Return On Investment for each fuel truck
- Better customer service by handling after hours and weekend delivery emergencies faster.
- Take your extra truck and get it fully serviced so you can rotate our other front line vehicles so they are always fully maintained with NO loss of delivery time.

Old Paradigm:

Employee	MON	TUE	WED	THU	FRI	SAT	SUN	Weekly Hrs
Employee 1	truck 1	truck 1	truck 1	truck 1	truck 2			40
Employee 2	truck 2	truck 2	truck 2	truck 2	truck 2			40
Employee 3	truck 3	truck 3	truck 3	truck 3	truck 3			40
Bobtail Hours	24	24	24	24	24	0		
Trucks Needed	3	3	3	3	3	0		

You need 50% more trucks compared to the new paradigm – very costly to purchase and maintain extra vehicles

- More Overtime costs
- Less flexible schedule.
- Drivers are accustomed to it but would prefer 4-day work weeks

A funny thing happens when you implement this flexible 4x10 work week. First it is new and different, so everyone is skeptical, I certainly was too. That's "OK" and normal across every company. Next the management (after a close study) realizes that this will save them tons of money so they "buy in". Then the drivers hear about it and consider a "mutiny". After convincing them to give it a try for a month they finally figure out that they all get to work 4-day work weeks so they get an extra day off each week... they fall in love with the schedule and threaten to "mutiny" if you dare change it back.

So, by now you may be figuring out that you have 6 drivers and 6 front line trucks – you only now need 4 front line trucks and can "pass" on purchasing two replacement fuel trucks... true enough you just tripped over \$300,000.

*note: Most fuel delivery company drivers come to work and their first 30 minutes and last 30 minutes of the day they are paid for doing paperwork (filling it out and delivering it), doing pre-trip and post trip inspections and doing start of day and end of day "chit chat". Also, in every day you pay them at some point for breaks and lunch breaks for a total of around 30 more minutes. So, all told you pay them for 90 minutes a day of unproductive work. If you have 5 drivers and could eliminate 90 min/week of unproductive time you can save 7.5 hours of unproductive and unprofitable payroll expense. At \$23/hour that is an annual savings of \$8,625. This is one way that 4x10's help get more work per driver per week lowering overtime costs and payroll costs.

I hope you too have fun with this. You too may find that this schedule works great in-season and off-season by the ocean/mountains/lakes/prairies. If you have any questions about how to implement this or would like our team to help you too get the extra \$150,000 you deserve then feel free to reach out to us at propanec-quarterback.com