

Network Reroutes and Dynamic Route Planning Can Lead to a Dramatic Improvement in Productivity

Responding to Fluctuations in Your Distribution Network



Network Reroutes and Dynamic Route Planning Can Lead to a Dramatic Improvement in Productivity

As business continues to stabilize in the new normal, distribution-oriented companies find their business in one of the following situations: volumes are up but costs have risen faster or, volumes are down considerably, and they don't appear to be coming back any time soon. In both cases, the distributors need right-size their operations to drive down costs and dramatically improve productivity. Now is the time for distribution companies to look hard at their current fleet strategies, tactics and use of technology to make a step change in operational performance.

Here are two ways fleet operators can make a difference.

Network Reroute

Whether demand is up or down, when there is change, the distribution network gets quickly out of balance and does not run optimally or cost-effectively. Fleet operators need to reset their distribution network and even consider changing their distribution policies.

Reroutes (also called strategic route planning) are different than daily route planning and have the potential to deliver much more productivity because they are about fundamental change. In daily route planning, the strategies, policies and even the territories, frequencies and routes are already defined. The goal of daily route planning is to do the best with those restrictions already in place. In a reroute, all restrictions can be treated as variables. Policies, practices, capacity etc. are flexed to see what new or changed routing strategy and tactics will best address the change in demand.

Network reroutes apply to not only those fleets that run static or master routes, but also to dynamic routes because reroutes are about the policies and practices that dictate the daily routing parameters. Reroutes will also be important because, as demand changes and distributors look at new markets, they will need to use the solution to help predict the costs and capacity required to move forward.

Dynamic or Hybrid Route Planning

Far too many distribution-oriented companies have relied on fixed or master routes. With today's volatile demand and the need to dramatically reduce operating costs, fleet operators need to challenge the assumptions that have kept them from adopting dynamic routing. Dynamic route planning will be a critical strategy going forward, as it produces greater productivity because it is not constrained by fixed territories, sequences or demand assumptions.

The biggest challenges to making this change typically comes from the sales force as they are concerned that customers expect a fixed visit schedule or want the driver to be familiar with the customer. With today's cost pressures and the fact that customers no longer want interaction with drivers, these assumptions need to be challenged and, in the dynamic route planning case, CFOs could end up being biggest advocate for change once they see how much can be saved through its adoption.

Dynamic route planning doesn't mean that key customers cannot have fixed deliveries. Using the hybrid approach, key customers can serve as "anchors" with fixed deliveries and the rest of the customers can be dynamically inserted. Hybrid route planning increases productivity and allows stability for selected high value customers.

Dynamic route planning should also make planners more productive. In today's fluid demand environment, planners and schedulers are struggling to constantly adjust the "fixed" routes, which results in lost productivity and poor customer service. Dynamic route planning is better suited for this kind of demand and allows planners to become more proactive, focusing on the exceptions and continuous improvement.

In Closing

There is no “business as usual” for distribution-oriented companies and their route planning and customer service strategies, tactics and technologies. Dramatic improvement in productivity will be the top of the business agenda for distributors who want to emerge stronger from the pandemic. Instead, fleet operators need to take the lead to show the value that network reroutes and dynamic route planning can bring to the bottom line. In these challenging times, the “C-suite” will be more willing to adopt new strategies, tactics and technologies. Use this opportunity to take fleet performance to the next level.



About Descartes Systems Group

Descartes (Nasdaq:DSGX) (TSX:DSG) is the global leader in providing on-demand, software-as-a-service solutions focused on improving the productivity, performance and security of logistics-intensive businesses. Customers use our modular, software-as-a-service solutions to route, schedule, track and measure delivery resources; plan, allocate and execute shipments; rate, audit and pay transportation invoices; access global trade data; file customs and security documents for imports and exports; and complete numerous other logistics processes by participating in the world’s largest, collaborative multimodal logistics community. Our headquarters are in Waterloo, Ontario, Canada and we have offices and partners around the world.

Learn more at www.descartes.com and connect with us on [LinkedIn](#) and [Twitter](#).

Uniting the People & Technology That Move the World.