

Routing Propane Industry Leader to Success



After evaluating approximately 15 routing applications, the Ferrellgas project team determined that the Descartes solution best addressed the unique characteristics of the propane market. Descartes' dynamic route planning solution provided the flexibility the company required and allowed for ad-hoc, unplanned stops to handle urgent calls for same-day deliveries. Ferrellgas and the Descartes team integrated the routing package with the CRM solution at the heart of Project Renaissance, ensuring the smooth flow of information back and forth between the two systems, and out to drivers on the road.

“Descartes provided a routing solution that supported the flexibility we required and would allow for ad-hoc, unplanned stops to handle urgent calls for same-day deliveries.”

Steve Ferro, IT Director, Application Development at Ferrellgas

Company Profile

Ferrellgas
Propane Provider

Descartes Solutions

Dynamic Route Planning
Route Execution

About the Client

For more than 65 years, Americans have relied on Ferrellgas for their propane needs. Ferrellgas is a market leader with 150 field service centers serving more than 1 million customers in all 50 states, the District of Columbia and Puerto Rico. Ferrellgas also is the nation's largest provider of propane by portable tank exchange. To meet its customer's needs, Ferrellgas relies on a fleet of approximately 2,600 delivery vehicles, each making on average 20 to 25 stops per day.

Quick Overview

Challenge

Thorough Evaluation of Operations
Drives Project Renaissance

Solution

Revamped Business Model Yields
Tremendous Payback

Results

- Industry Accolades
- Better Forecasting, Tighter Controls
- Optimized Asset Utilization
- Reduced Customer Service Staffing

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Challenge: Thorough Evaluation of Operations Drives Project Renaissance

After more than six decades in business, Ferrellgas began evaluating its decentralized operating structure. At the time, Ferrellgas had 600 retail offices, with each one using its own standalone propane system for tracking customer deliveries, billing, creating statements and producing demand reports. Since the systems did not provide routing and scheduling functionality, the manual process began with reports from a crude forecasting system that would predict which customers needed deliveries and when. The delivery schedule was open to interpretation by drivers who would review weekly reports, hand pick orders and then come up with delivery dates. According to Steve Ferro, IT Director, Application Development at Ferrellgas, "We needed to redefine our business processes and apply technology where it made sense to help us deliver in a more efficient way and serve our customers more effectively."

Solution: Revamped Business Model Yields Tremendous Payback

Ferrellgas and the Descartes team integrated the routing package with the CRM solution that lay at the heart of this initiative. "The key was to ensure the smooth flow of information back and forth between the two systems, and out to drivers on the road," explains Ferro.

Using Descartes' route planning solution, delivery managers can view delivery schedules for the week ahead, and do pre-planning of routes as required. The route execution solution enables activity to be managed on a daily basis. "When an order is received in our CRM system, the delivery manager sees it in the Descartes system and can take action," says Ferro. "They can see where trucks are in real time, and can either make a manual decision as to which driver should handle an order, or they can ask the system to suggest a cost effective alternative on an existing route. Decisions are then pushed out to the appropriate driver's handheld computer."

All delivery vehicles have been set up with new onboard wireless computers that utilize Descartes' route planning and execution solution to determine efficient route sequences for delivery trucks; enable real-time adjustments, monitoring and management of daily routes; and balance priorities with delivery costs. While Ferrellgas drivers use cellular technology to receive dispatch notifications, a lot of deliveries are made to rural locations across America with limited cellular coverage. To address this issue, the company installed satellite modems/domes on the top of the cabs of selected vehicles. This ensures that the system automatically switches to satellite when a cellular signal is lost.

Results:



Industry Accolades

Industry observers have touted Project Renaissance as the model of the future. Ferrellgas is the first major propane retailer to fully apply technology used by leading delivery logistics companies to link routing, customer data, inventory, forecasting, billing and accounts receivable to reduce operating costs and boost shareholder value.



Better Forecasting, Tighter Controls

More efficient routing has allowed the company to reduce driver hours and the number of trucks required. To date, this initiative has resulted in an 11% reduction in fleet requirements.



Optimized Asset Utilization

While Ferrellgas began with 600 retail locations at the start of the project, the Descartes solution enabled the consolidation of these locations into just 150 Service Centers.



Reduced Customer Service Staffing

The consolidation throughout the company afforded the ability to provide 24/7/365 customer service through centralized service center operations. As a result, customer service staffing needs were reduced by 30%.