



## Running on empty?

The pressure's on. From both sides. Commercially and environmentally, across Europe the screw is turning for the FMCG supply chain and the road freight industry to maximise infrastructure and minimise the empty running of trucks. Jane Gorick, managing director of LPR, which, in partnership with logistics provider TDG, is seeking to maximise its existing logistics operations, looks at the problem of empty running, how it can be minimised – and why we as an industry should be worrying about the issue...

“There is something about empty running that provokes strong emotions, both within the industry and also externally. We have moved forward over the last few years and figures from the FTA show that between 1993 and 2003, empty running actually went down, albeit only from 20.5 per cent to 20.1 per cent. But the figure is still far too high – and the reductions too small. The biggest driver to reducing empty running is the environmental need but from a commercial perspective, increasing efficiency has to be the way forward, with logistics margins often being as thin as three to five per cent. If a vehicle is running empty, it's burning fuel. Even if the relationship with the customer is an open book one, it's far from a positive initiative....

“Environmentally, there is a huge responsibility to pursue efficient use of resources. Indeed, everybody in the FMCG supply chain and logistics sectors has to carry that environmental responsibility. The industry must be aware of the impact that we have on the environment. From the individual, to the team, to the corporate identity, we must all own the challenge of minimising waste. Resources are finite and society must make the most of what it has. Therefore, the minimisation of empty running will contribute environmentally, while also being extremely significant from a commercial perspective.

“But why is that? For LPR, it's important that the TDG fleet runs efficiently as costs are minimised. Transport is a huge part of the overall running costs of the business. So, as a business we need to tap into the empty running that is inherent in the industry. Indeed, every vehicle going into a regional distribution centre is coming away empty – and that is a huge amount of wastage, as well as a big opportunity. Therefore, for us to be an efficient, cost-effective company, we have to be involved in minimising empty running.

“Collectively, the industry needs to be doing more in terms of partnership. There are some collaborative relationships building - and that is a good thing. However, we need to see more of it. Partnership particularly makes sense for companies carrying and transporting smaller quantities of product. We are starting to see a greater prevalence of retailer-run product consolidation centres, or pcc's, where companies deliver into the pcc – and goods are then consolidated by the retailer and taken to the regional distribution centre.

“And it is the same principle for LPR in the UK. We are tapping into resources and working with a national logistics provider, TDG, to improve our own efficiency by a reduction in empty running. I think we as a sector are better at it in the UK because we’re much more compact as a country; logistically, I’m sure that the FMCG supply chain in the UK is one of the most analysed in Europe.

“In addition, the retailers in the UK have been much more analytical about their costs over the years. And in other parts of Europe, such as France, where there is more land mass, the logistics model is one of working in lanes, while the UK works in networks, with greater complexity.

“We are starting to see the benefit of our work with TDG from a reverse logistics perspective. Across the fleet used by LPR, TDG has reduced empty running by 10%, much of which has been due to the implementation of the one way trip system for pallets. And we will continue to seek further improvements, as cost effective distribution is also a lever in providing cost effective solutions to the manufacturer.

“We all need to try and identify the opportunities for reverse logistics that current traffic flows give. All delivery profiles should be examined, as well as the empty leg profile, while finding the reverse logistics profiles to match those empty legs. And this could even mean a new shape of customer and a questioning of the current delivery profile. This is how the industry must be thinking – a bit more radically...

“Indeed, our logistics partner TDG operates a ‘clearing house’ software programme that allows co-ordinators to see where part loads can be brought back. And we need to see more of this, particularly as FMCG organisations are starting to outsource the distribution function again.

“Yet, for empty running reduction to make a really big impact on the supply chain, there will have to be a change of approach when it comes to ordering and the fashion for just-in-time deliveries. We need to step back from this approach – or we will never optimise vehicle fill.

“There is also a strong case for tax incentives from central government for the reduction of empty running. The far-reaching effects of reduced mileage and congestion, reduced fuel consumption, carbon emissions and less road maintenance spend, all point towards the need for fiscal breaks for forward-thinking organisations. Yet whether central government comes to the party or not, the logistics and FMCG industries must embrace empty running, while being seen to do so in the eyes of the public.”

Ends.