Increasing Level-Measurement Efficiency

Rising fuel prices, bloated shipping costs, ways to improve customer service — these are the concerns that keep distributors up at night. In the commodity-chemicals business, where suppliers all pay roughly the same cost basis for raw materials, these issues can separate the profitable from the struggling.

So for all those reasons, Dan Comp, Director of Operations at PVS Minibulk — a division of Detroit-based PVS Chemicals, global manufacturer and distributor of industrial and water-treatment chemicals — decided his company needed to make a change. The change that Dan and PVS Minibulk ultimately made was to adopt a telemetry solution that enables the remote access of tank data.

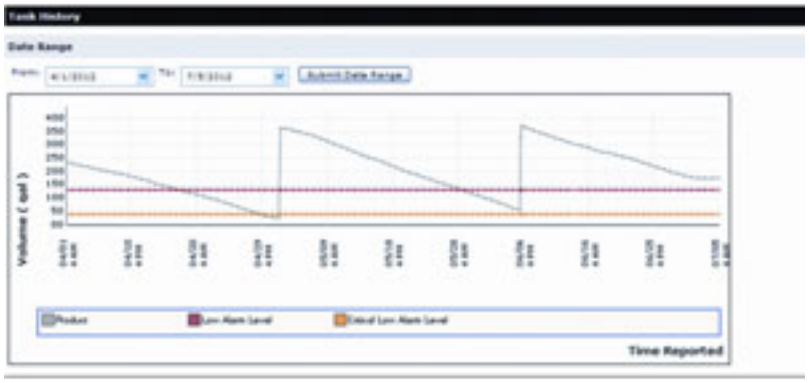
The remote monitoring of chemical tanks involves the use of wireless telemetry devices with sensors that, on a continuous basis, review tank levels and transmit the information to a secure web portal, from which both supplier and customer can access the data. In the past, PVS had relied on the customer to make a visual inspection of the tank gauge and then communicate that crucial information. Needless to say, under such a system the supplier is at the mercy of the customer when it comes to the timing and scheduling of deliveries, particularly when that customer is not a good steward of his or her product. Therein lay the problem. “We badly needed to be able to schedule our deliveries in a way that made the most sense to us,” Dan says.

The first step toward implementing a tank level monitoring solution was finding a

sole-source third-party logistics provider that could tailor its offerings to meet the unique needs of PVS. After trying out various providers, Dan developed a criteria for what he needed: “Good hardware that is compatible with our products while being low-cost; the ability to translate real-time, event-driven data into usable information; and easy access to that information on both ends.”

Over the course of his five-year search, Dan thoroughly vetted every solutions provider he could find. In his words, he “talked to all of them and worked with all of them.”

Because of his due diligence, Dan eventually found what his company needed. “TankLink is the best I’ve found,” he says today. “We wanted a robust, dependable system, and that’s what we’ve got.” When used as an integral part of the fulfillment process, the TankLink telemetry solution can enable extremely high overall fill efficiency across your customer base. When combined with good routing, trucks leave terminals full and return empty while driving the fewest possible miles. Higher fill efficiency means delivering more product in fewer deliveries. The savings for deliveries that were no longer necessary positively improves the bottom line.



PVS began by using TankLink on its own storage tanks located around the country. Installation of the system was simple and did not require special training or expertise. Having telemetry technicians install the systems can double the capital expense outlay and significantly increase the ROI period. While using the TankLink system on their own tanks made it easier for PVS to monitor its own inventories, it also helped the company sell its customers on telemetry — and *that’s* where the real cost savings are found.

Obviously, there’s some end-user resistance to any sort of change, let alone one that fundamentally alters the way you monitor and purchase inventory. Because the

company had already been using tank-level monitoring solutions for its own inventory, PVS reps were able to call upon that “end user” experience when introducing TankLink to customers. It’s no accident that PVS has now installed more than 100 TankLink systems for customers from the Mid-Atlantic region to the West Coast.

Because of TankLink’s remote monitoring solution, PVS was able to more efficiently plan and route deliveries, group reorder points, and pre-load trailers to capacity. “The more pounds we deliver in one trip the greater the revenue to offset the cost of the system,” explained Dan. Tank overfills or, worse, customers running out of product became concerns of the past.

Doing all of this, however, required a broad-based culture change both within the company and among customers, from a reactive, event driven mentality to a proactive, data-driven operation. The benefits of this shift in operations were plainly obvious: PVS increased fill efficiencies far beyond what would have been possible in the pre-telemetry days. Best of all, TankLink’s Efficiency Calculator made it easy.

The TankLink Efficiency Calculator is a tool built into the TankLink system that customers use to locate and quantify potential cost savings that result, over time, from increased delivery efficiencies. Stated another way, using the Efficiency Calculator will show you the money you left on the table by not hitting your delivery-efficiency targets, which means your delivery costs are higher than they need be and your profits are diminished.

For PVS, TankLink also all but eliminated the need for costly, low-margin emergency deliveries. And all of *that* led to less administrative overhead. Moreover, PVS has learned that TankLink doesn’t just help reduce costs; it also enables growth. All those efficiency gains mean that chemical suppliers like PVS can expand sales territory and add customers using *existing* resources. If expansion ever ceases to be a goal, then existing customers can be serviced with *fewer* resources and thus at a still-lower cost.

To put a finer point on it, Dan tells of a cross-division PVS initiative designed to double company growth within five years. In the planning stages, an outside accounting firm evaluated how Dan and the MiniBulk division had been able to swell the bottom line by using TankLink. The firm’s recommendation? “Go nationwide with it,” Dan says. “Put a telemetry unit on every single tank.”

PVS and TankLink are working toward doing just that. In that sense, the cost savings have only just begun.

For more information, please visit www.tanklink.com *[1].*

http://www.chem.info/articles/2012/11/increasing-level-measurement-efficiency

Links:
[1] http://www.tanklink.com