

101 Ideas to Reduce Costs and Enhance Revenue

Give Your Asphalt Production and Paving Company an Edge in the Marketplace

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Introduction

Pennies to dollars

Opportunities for asphalt producers and contractors to improve the bottom line are hard to find. A pie chart of costs for a typical company would show that the major portion is liquid asphalt, stone, and other unavoidable materials and services. A very thin slice of the pie represents costs that the producer/contractor can do something about through labor efficiency, preventive maintenance, and alternate fuels and materials. Success in the asphalt pavement industry can come down to saving a penny here and a penny there on each ton of mix.

In the asphalt business, pennies per ton add up to quarters, and quarters add up to dollars. This publication will help the producer/contractor accumulate enough pennies per ton to make a major difference in the quest to improve the company's bottom line.

One word of caution. This publication is not intended to be an encyclopedia. Rather, it is a very practical guide to some easily available savings at the plant and on the paving site. Additional information is available from a variety of sources, including NAPA's publications, online training modules, and meetings.

To help illustrate the savings that can be realized, this publication is in narrative form. It tells the story of a company which lost \$600,000 last year, and shows in graphic form the financial impact of instituting each of the ideas.

The Skidmark Asphalt story

Skidmark Asphalt Company was founded in the 1950s by the late Ebenezer Skidmark, who was notorious for his unwisely penny-pinching ways. In fact, it was often said that he "wouldn't spend a penny to save a dollar." Skidmark Asphalt Company has a 300-ton-per-hour drum plant and produces 300,000 tons per year. Their crews lay 230,000 tons, half for

the DOT and the other half for private customers, the city, and the county. Skidmark recycles an average of 10 percent per year. The company owns 30 trucks and a milling machine and hauls liquid asphalt cement in their own tanker. They run two full paving crews. Skidmark Asphalt buys aggregate from a quarry located 20 miles from their plant. They have two competitors within a 40-mile radius.

Going beyond the numbers for a clearer picture of the company's operations, the passing of old Ebenezer Skidmark left a legacy of old technology, worn equipment, and tired people.

The new owner, determined to put the company in the black, assembles the key managers — plant manager, construction manager, trucking and transportation manager, materials and quality control manager, and equipment and maintenance manager — and asks them for their ideas about how to make the company prosper. Each of these managers was asked to evaluate the weaknesses in the respective areas and find cost-saving ideas.

Each idea has to be paid for in the first year, and any investment required will be deducted from the savings tally.

The ideas fall into the following areas:

- ◆ Energy savings
- ◆ Transportation and trucking savings
- ◆ Materials and quality
- ◆ Maintenance
- ◆ Productivity
- ◆ Outside sales
- ◆ Time wasters
- ◆ Intangibles

