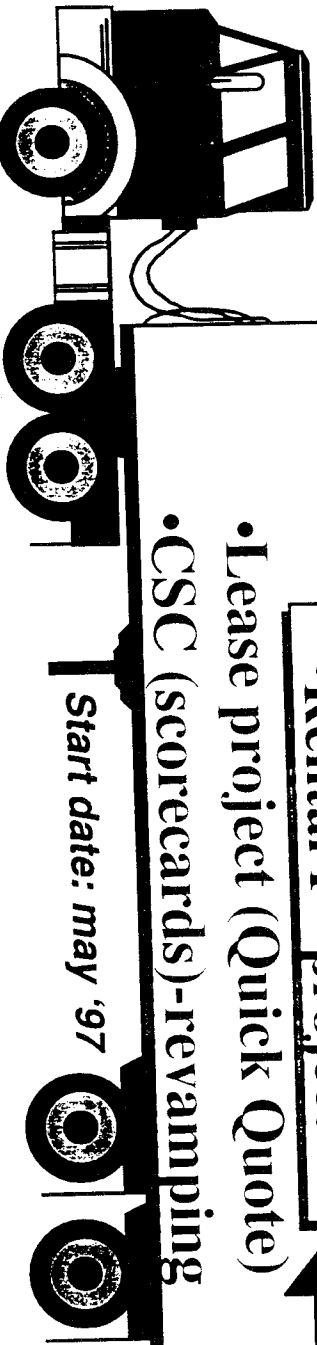




4



TIP Marketing & Sales Quality initiative:

- Rental P³-project
- Lease project (Quick Quote)
- CSC (scorecards)-revamping

Start date: may '97

"today's focus"

Hosts:

- Raymond van der Loos, BB Marketing & Sales Europe
- Joost van de Meent, MBB Marketing & Sales Europe

* hand-outs of other two very successful projects also available



TIP Europe

Define: Introduction of projects

Teams were merged to create integrated solution for our rental business

Roles	Rental product definition	Rental Quotation
Sponsor	Kees-Jan Bus	Kees-Jan Bus
Black Belt	Joost van de Meent	Raymond van der Loos
Team members	John Crisp Remco Haxe Jeroen Veldhuizen Erik Gillet	Stuart Eagland Les Dunbar Daniello Cohen
Sales/operations		
Marketing/pricing.		
financial analyst		

Goal Statement

- *Redefined Rental Product for transactional accounts in U.K. and Benelux that is clear and consistent for our customers and is deeply understood by our sales force*
- *Redefined product should satisfy customer needs in a profitable way by ensuring controllable/manageable flexibility*

Goal Statement

- *Clear description of current process*
- *Higher rate integrity*
- *Improvement in the Consistency of the price offering*
- *Install 'How should be process':*
 1. *Supporting Market conform pricing structure*
 2. *Integrating Clear Pricing Policies & Procedures & Process Monitoring Tools for Process Owners*



Project Status

- Project rolled out in U.K for pilot (30 people trained), Benelux follows
- Use feedback of pilot in creating IT-supported rental product/price/process
- Roll-out IT-implemented new rental approach throughout Europe



Financial impact

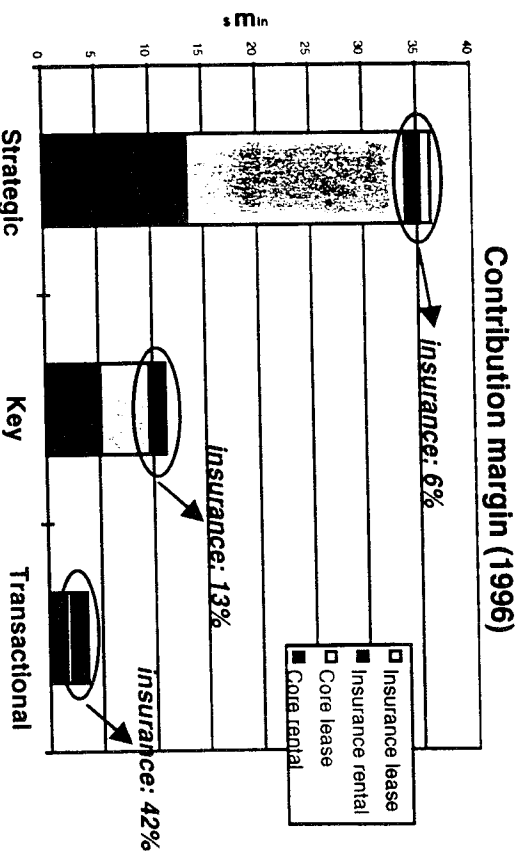
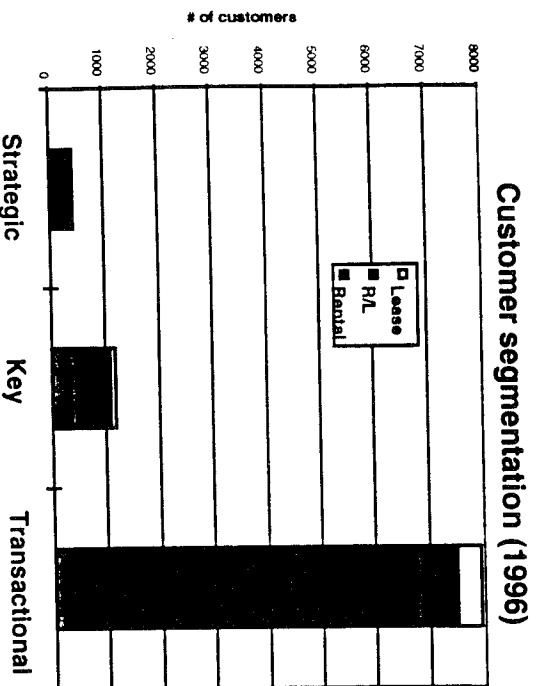
- 1997:
 - UK: \$ 110,000
 - Benelux: \$ 90,000
- 1998
 - UK/Benelux: \$ 1,350,000
 - Rest of Europe: \$ 1,000,000

Benefits

- Modular product which offers flexibility/consistency to our customers
- Modular product limits bleeding on incrementals (mileage, reefer hours)
- Clear rental quotation process
- Introducing market conform rates versus previous cost-plus pricing
- Controllable/manageable product & rate variation
- Gain control over margins in our rental business
- Create foundation for New product introductions which are essential to become industry leader
- Limits time spend by organization on transactional accounts
- Supporting, and time saving tool, for sales organization
- Easily transferrable/understandable to new employees

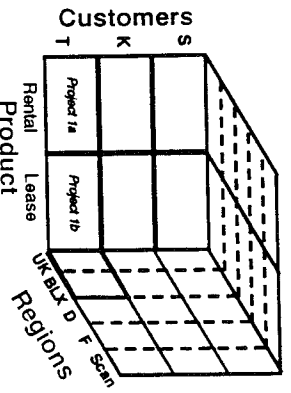


It's essential to clearly define why you are doing a project. In this case more than 80% of our customers generates only 7% of our contribution margin !



Reasons for initial focus on transactional accounts

- highest "bleeding" is on transactional accounts: high financial impact possible
- Low on learning curve: starting with most important customers creates significant exposure/risk
- Standardizing rental business for transactional accounts leads to increased focus of our sales force on more profitable customers and segments (strategic accounts in ownership segment !)





TIP Europe

Define/measure MGPP: overall strategy

An overall Multi Generational Product Plan (MGPP) helps us to define a consistent long term product strategy to become the industry standard in generation III

Generation I

Stop the bleeding

Fill selected product voids:
Consistency, clearliness, controlled &
manageable flexibility

1997

Generation II

Meet industry standards

Start with products already introduced
by our most important competitors

1998

• TIP's competitive edge is delivering logistics solutions to our customers through leveraging (IT)-technology, because it's one of the few companies with enough scale (in terms of knowledge, resources, capital etc.) to do this. We will be able to distinguish position ourselves from our competitors by really delivering added value to our customers which will ultimately increase TIP's profitability.

Generation III

Be the industry standard

breakthroughs to the customer
new to the industry

1998

Key take aways:

- Define consistent long term product strategy
- Use a platform for development of product
- Helps you to set the "time to market"

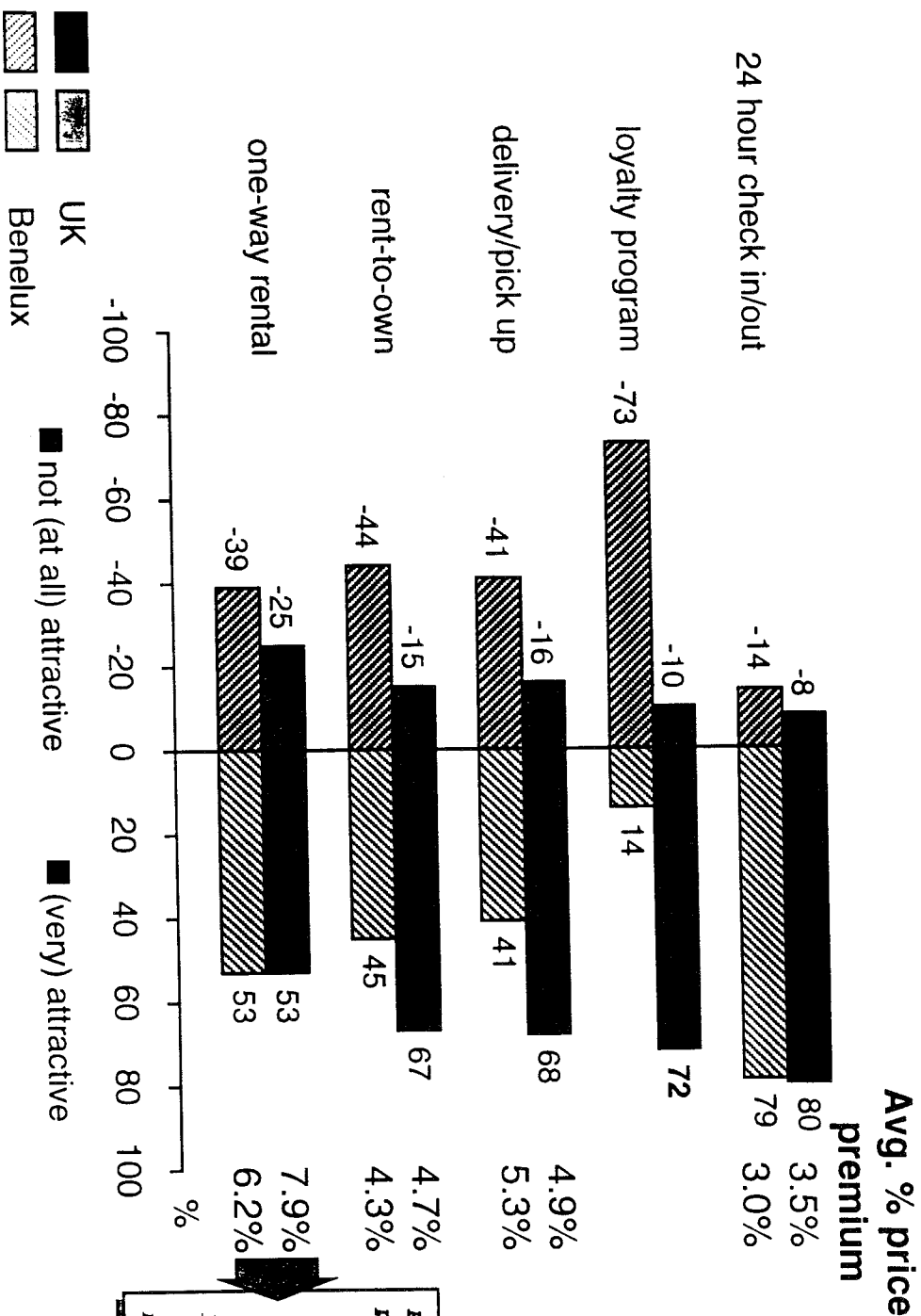
A Leadership Strategy



TIP Europe

Define/measure: Additional services attractiveness

External survey and competitors' benchmark was used to decide what new products we want to offer in generation II of our MGPP (which can differ regionally)



Survey result

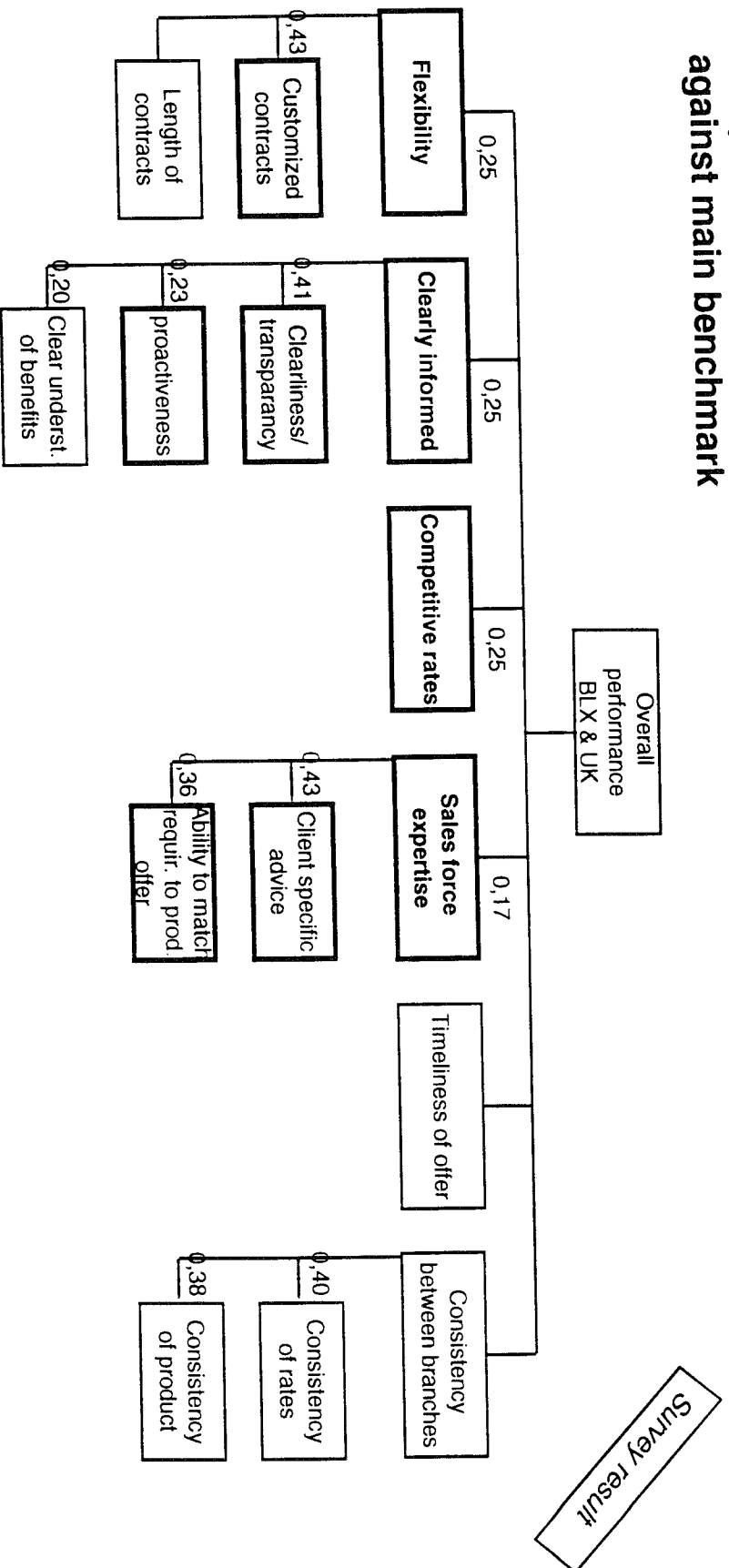
price premium	% of cust. UK	% of cust. BLX
0%	23%	31%
1-4%	7%	3%
5%	11%	10%
10%	11%	10%
11%-20%	12%	4%
>20%	3%	5%
no opinion	31%	35%



TIP Europe

Define/Measure: Rental product CTQ's prioritization

Telephone interview was used to create CTQ tree and to show TIP's performance against main benchmark



Note: Weights are calculated by using Multivariate Analysis



Define/Measure: competitor Benchmark

Benchmark under our competitors shows that a modular rental product is not offered to the market yet

[illegible]

USA

[illegible]

Assumptions

- 1) When possible
- 2) Rental only
- 3) Or without
- 4) 3rd party
- 5) Only some sites
- 6) Not when longer than one day



TIP Europe

Define/Measure: detailed MGPP

Detailed MGPP tells us exactly what we are going to do in near future to become industry leader. All new products/services should be validated with our customers

Attribute	Rental	valid with cust.	Classification							
			L1	L2	L3	1	2	3		
External customers: rental										
	Competitive price	*								
	Flexibility (term/modularity/tariff items)	*								
	Clearliness/transparancy	*								
	Financial expertise sales force	*								
	Modular Rental product	*								
Value added services										
	Tip Assist (Eur. 24 hour breakdown service)	*								
	Rent to own "try before you buy"	*								
	One way rental	*								
	Improved insurance product (Competitive rates, clearliness/transparancy, logical modules)	*								
	24h check out/(check in) poss.	*								
	Central reservation number (in Europe)	*								
	(Delivery/pick-up at customer facility: less relevant with 24h check out)	*								
	Fleet management									
	Trucks/vans/warehousing equipment (driver) rental									
	"Business partners" (trailer avail. on internet etc.)									
	European helpdesk for reserv, damage notices, info requests etc.)									
	Rental livery (logo's)									
	Satellite Tracking Systems	*								
	Trailer miles program (loyalty program: UK only)	*								
	Integrated rental/value added services modular product									

9

basis for MGPP

- Financial products survey (**)
- Competitors benchmark (**)
- Customer scorecards

* See hand-out



TIP Europe

Measure: Rental QFD

QFD is powerful tool to define measurements related to most important CTQ's and it tells us at the same time how we are doing compared to competition

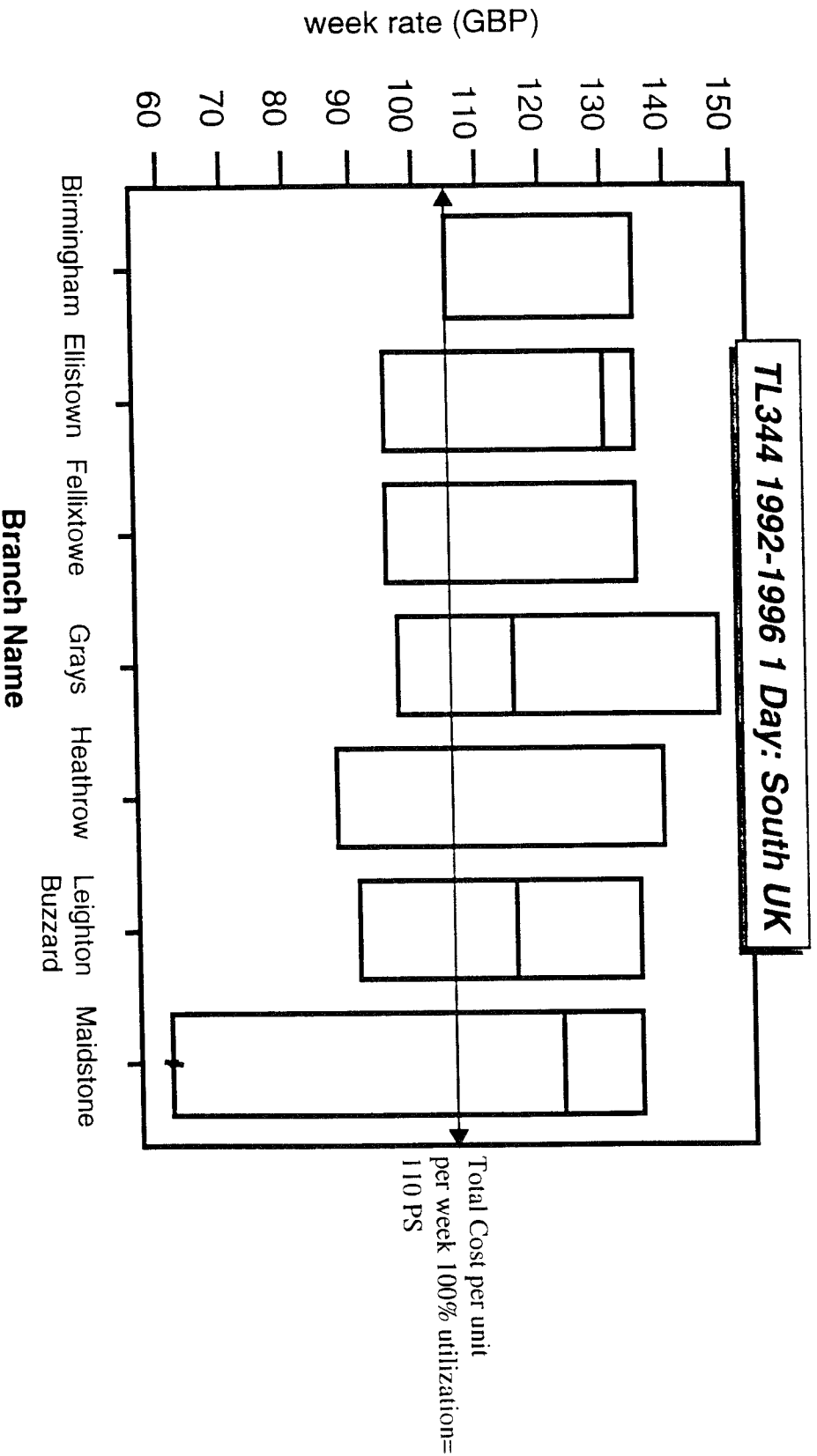
		Target goals						Competition comparison					
		Measures											
		Product variation	Customer info req. survey score	Rate variation	Offer close ratio	Customer contact-product offer cycle time	Multi-branch cust. variation						
		++	++	++	++	++	++						
		Relationship matrix											
		Strong 9	Moderate 3	Weak 1									
		Weight											
Primary want	Secondary want							Wgt	1	2	3	4	5
Flexibility	Customized contracts	●	△	○	○	△		5					
	Length of contracts	△		○				1					
Well informed	Clearly/Transparency	●	○			○		5					
	Proactiveness		●					3					
	Clear underst. of benefits		△	△	○			1					
Competitive rates		○		●	○			5					
Expertise of sales force	Client specific advice	○	○	○	○	△		3					
	Ability to match requirements to product offer	○	○		○	○		3					
Timeliness of offer				○		●		1					
Consistency betw. branches	Rental product offer	○		○			●	1					
	Rates						●	1					
		127	66	79	66	41	33						
		5 sigma at end of 1998+ lost incrementals = 0											
		Variation from market conform base rate											



TIP Europe

Measure: rate variation (1)

Rates vary within a branch for same trailer type, and varies even more between branches



- Sample: 3,668 rental contracts
- Direct cost = maintenance + interest + depreciation
- Total cost = direct cost + SGA



TIP Europe

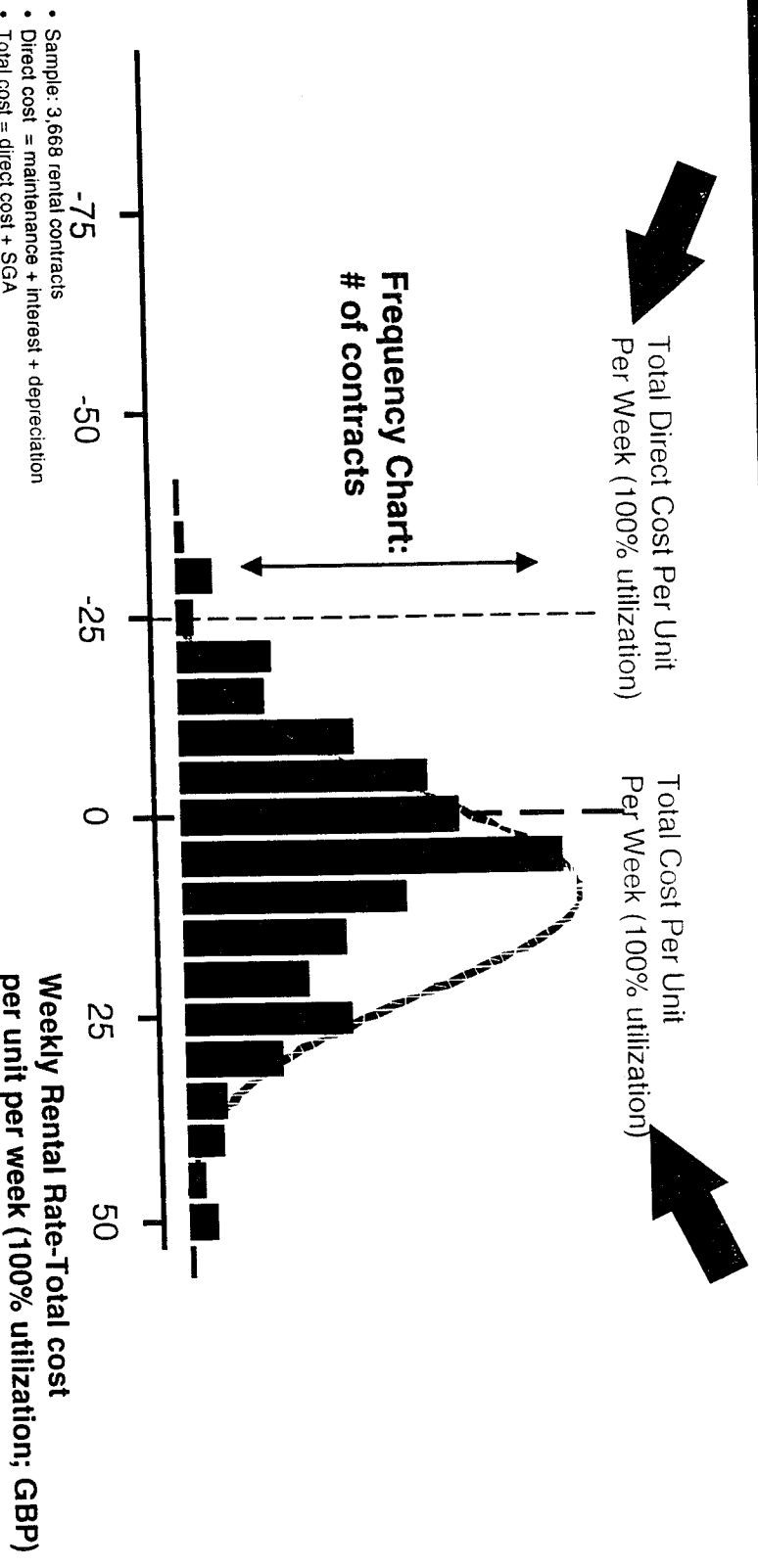
Measure: rate variation (I)

Uncontrollable variation is our enemy. 34,8% of UK contracts not meeting minimum requirement.

Process Capability Analysis Total UK*:

% contracts below Direct Cost: 3,33%
DPMO: 33,261
Sigma Level: 3,3

% contracts below Total Cost: 34.84%
DPMO: 348,419
Sigma Level: 1.9

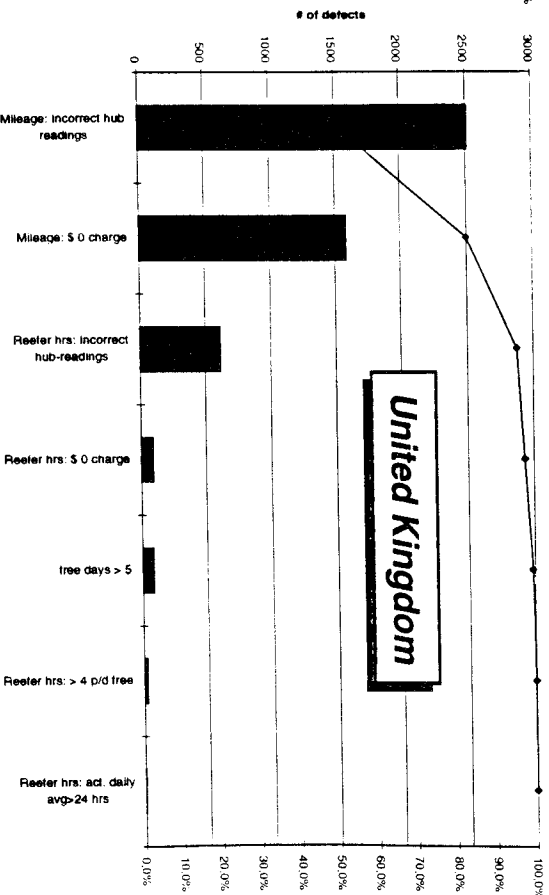
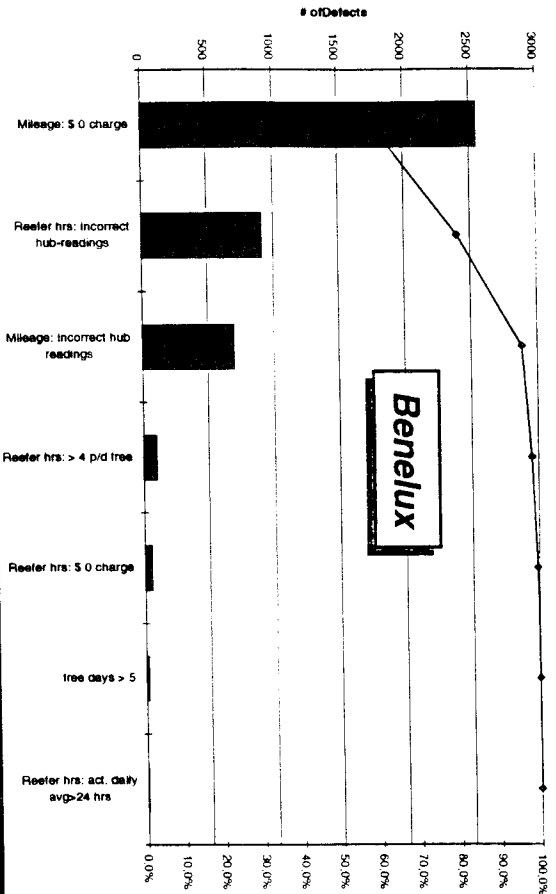




TIP Europe

Measure: Product variation

More than 95% of defects measured are a result of mileage. The UK scores 2.3 sigma which is significantly lower than the Benelux with a sigma level of 2.8

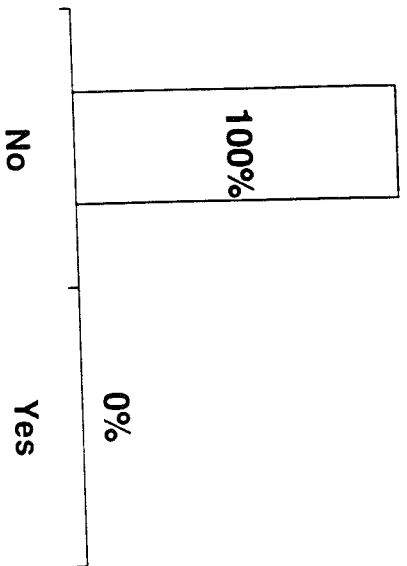


Rental product: transactional accounts	Benelux		U.K		Total
	Restl	Reefers	Restl	Reefers	
Number of units processed (N)	14,246	1,072	9,755	771	25,844
# of defects made (D):					
mileage	3,008	245	3,821	278	7,352
free days	17	-	84	11	112
reefer hours	-	834	-	580	1,414
# of defect opportunities (O):	2	3	2	3	2
Defects per million opp. (DPMO)	106,170	335,432	200,154	375,594	171,752
Sigma level	2.75	1.95	2.3	1.8	2.45

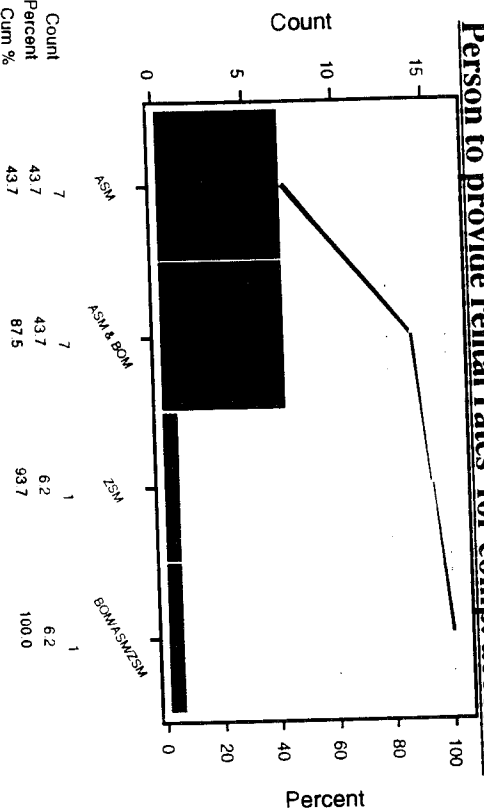


Survey amongst our sales force showed that there was no clear process and policies & procedures in place!

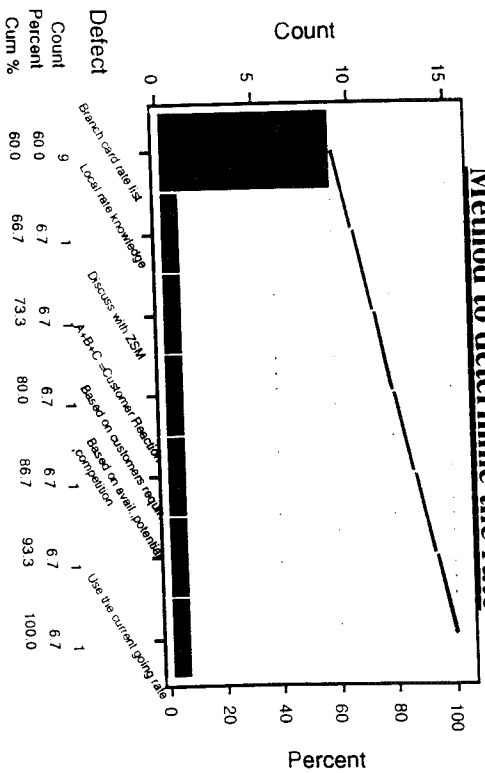
Policies & procedures available



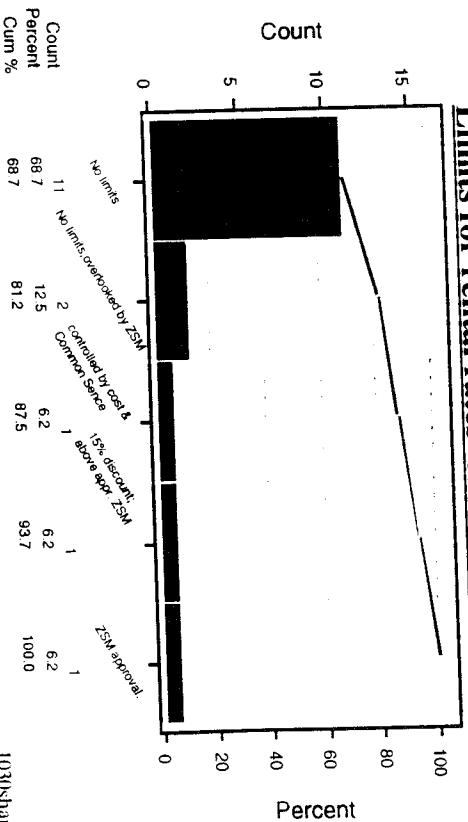
Person to provide rental rates for comp. accounts

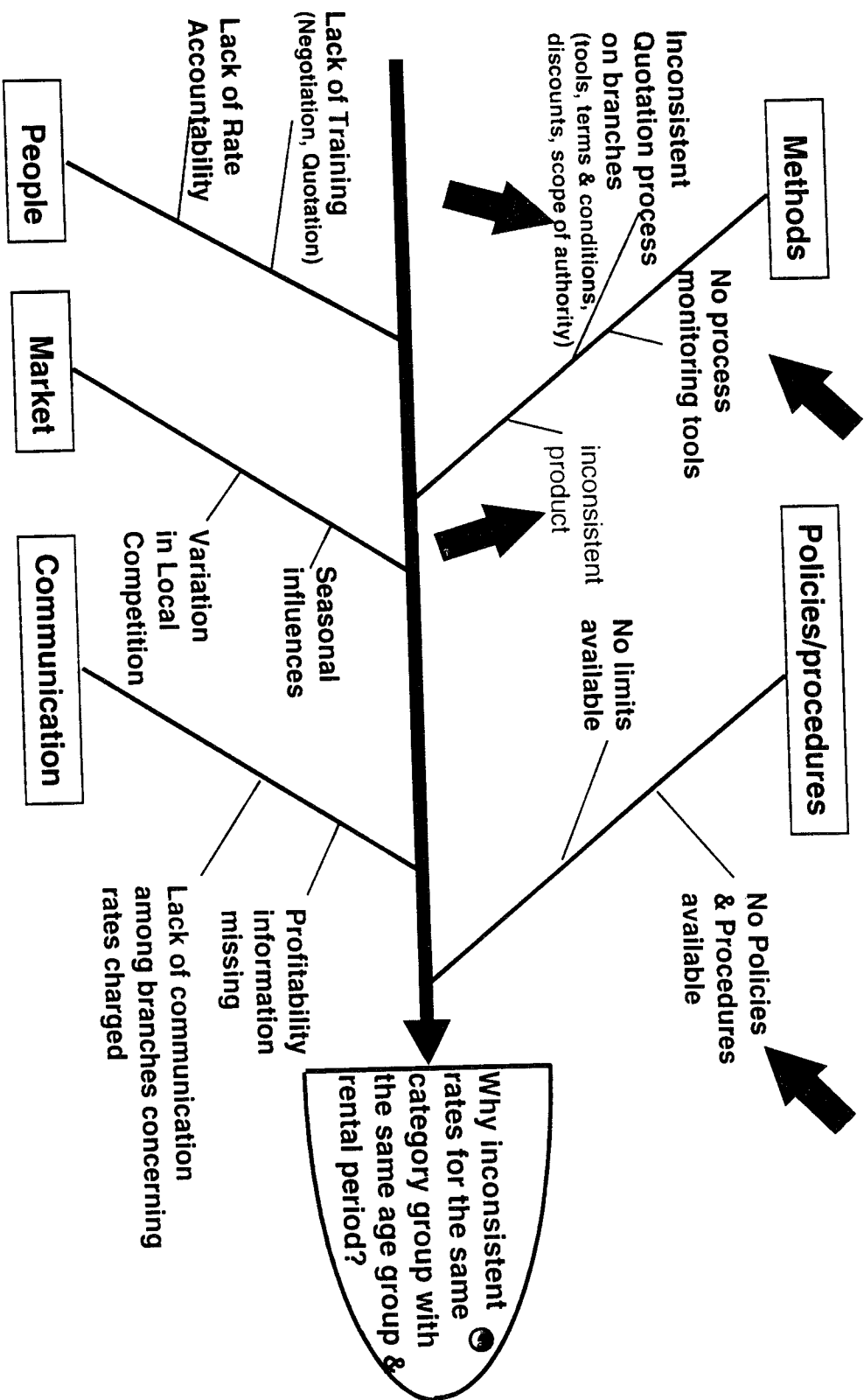


Method to determine the rate



Limits for rental rates current customers







TIP Europe

Analyse: new product concept

Module allows to offer a 'tailor-made' rental product to our customers which is at the same time manageable and controllable through standardized modules

Rental rate structure for transactional/key accounts: equipment type TL344

	Module A storage user	Module B limited user	Module C average user	Module D heavy user	Module E mileage eater
Fixed rate (weekly, GBP)	X 101	X 106	X 118	X 128	X 139
Mileage charge					
Mileage Category	free KMs (week)				
0 - 200	100				
200 - 1000	600	X			
1000 - 2000	1500		X		
2000 - 3000	2300			X	
3000 >	Unlimited				
KM rate	0,050	0,030	0,020	0,015	

118 = Base Rate



Rental rates by module for various mileages					
Actual KMs (week)	Mod. A	Mod. B	Mod. C	Mod. D	Mod. E
100	101	106	118	128	139
200	106	106	118	128	139
300	111	106	118	128	139
400	116	106	118	128	139
500	121	106	118	128	139
600	126	106	118	128	139
700	131	109	118	128	139
800	136	112	118	128	139
900	141	115	118	128	139
1000	146	118	118	128	139
1250	159	126	118	128	139
1500	171	133	118	128	139
1750	184	141	123	128	139
2000	196	148	128	128	139
2300	211	157	134	128	139
2500	221	163	138	131	139
3000	246	178	148	139	139
3500	271	193	158	146	139
4000	296	208	168	154	139
5000	346	238	188	169	139

1030shar.ppt

See: decision tree for choosing right module

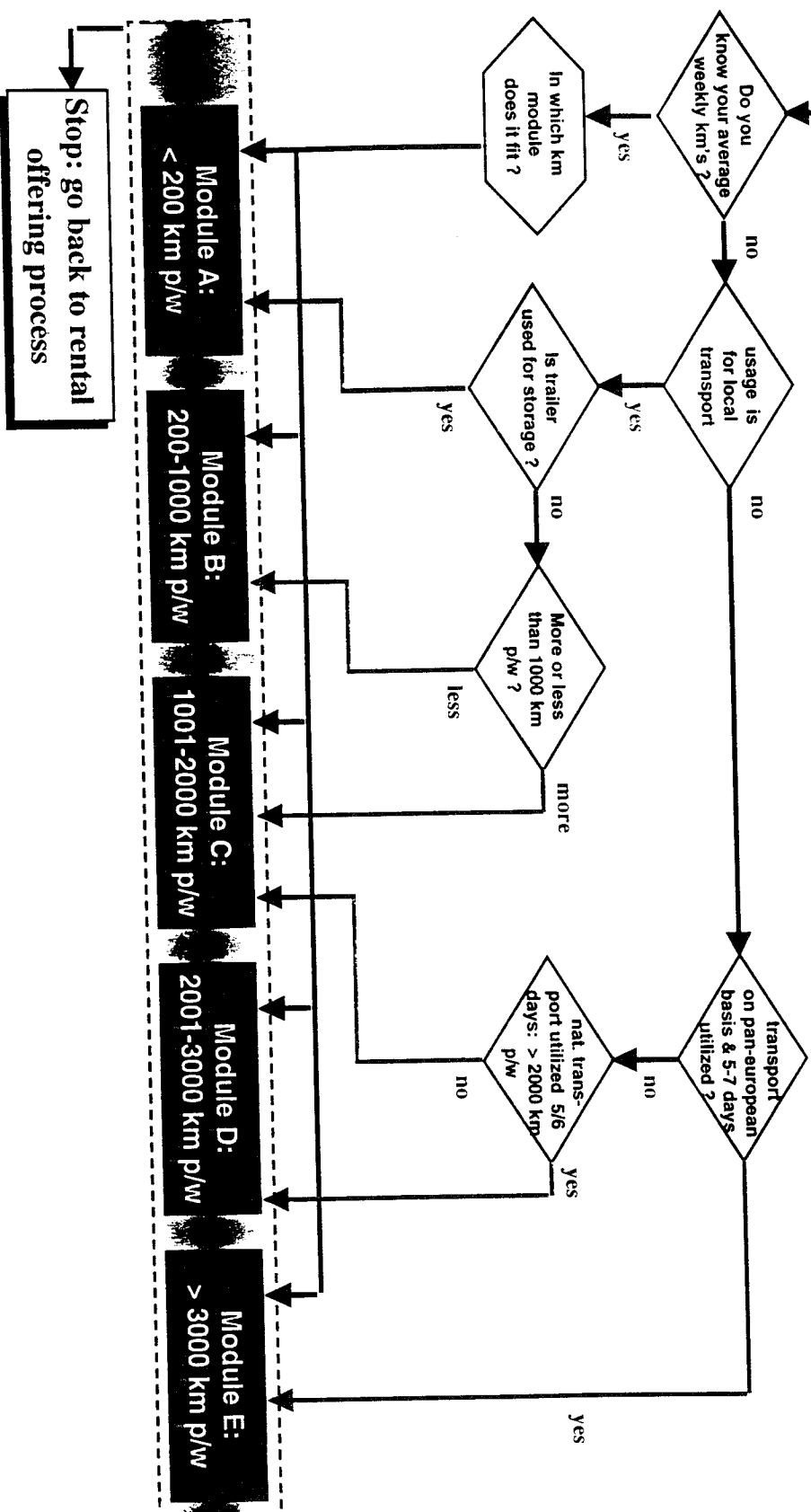


TIP Europe

Analyze: decision tree modular rental product

Decision tree enables sales force to help customers to choose the right module

Start: Identify which rental module fits your customer best ? (not relevant for swaps)

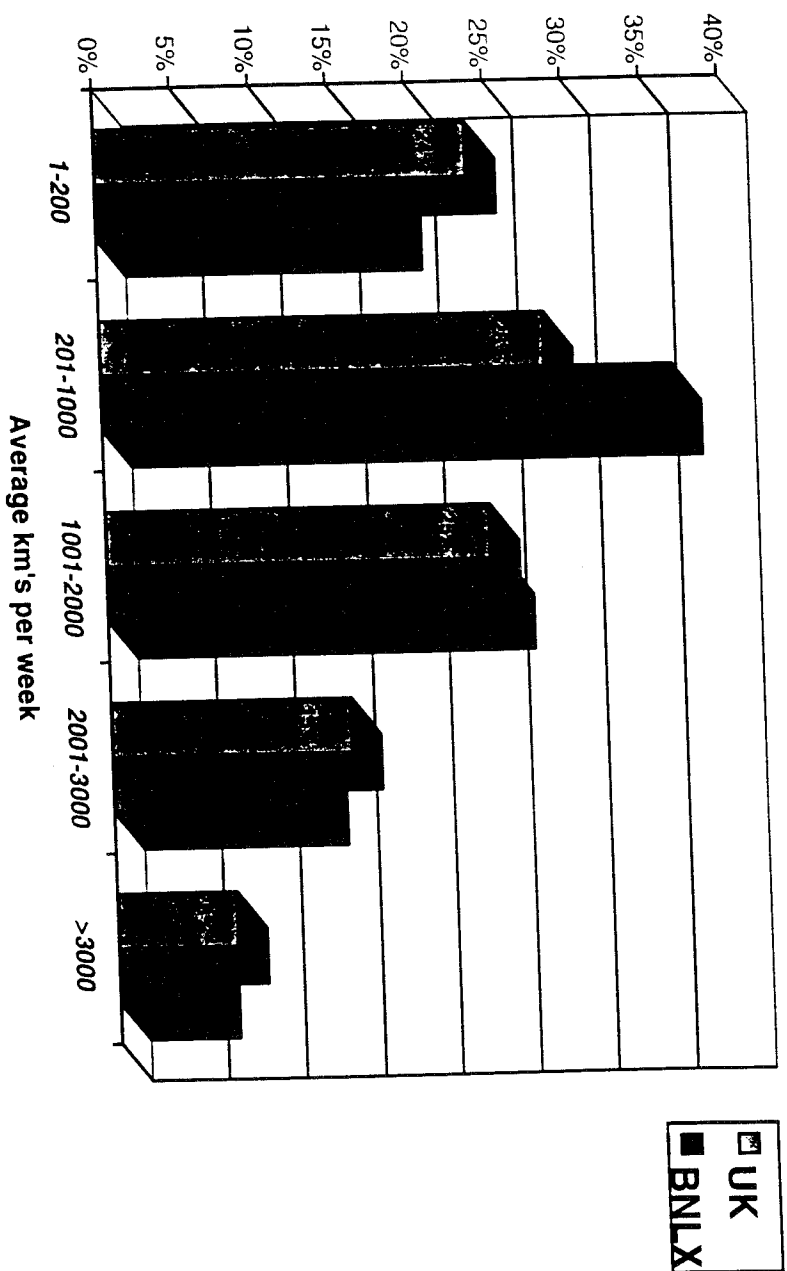




TIP Europe

Analyze: relevance of modules

Sample on 26,000 closed contract shows a significant distribution between all modules





TIP Europe

Analyze: new market conform rate structure

**Introduction of market conform rates in stead of cost-plus pricing
should give TIP control over its margins**

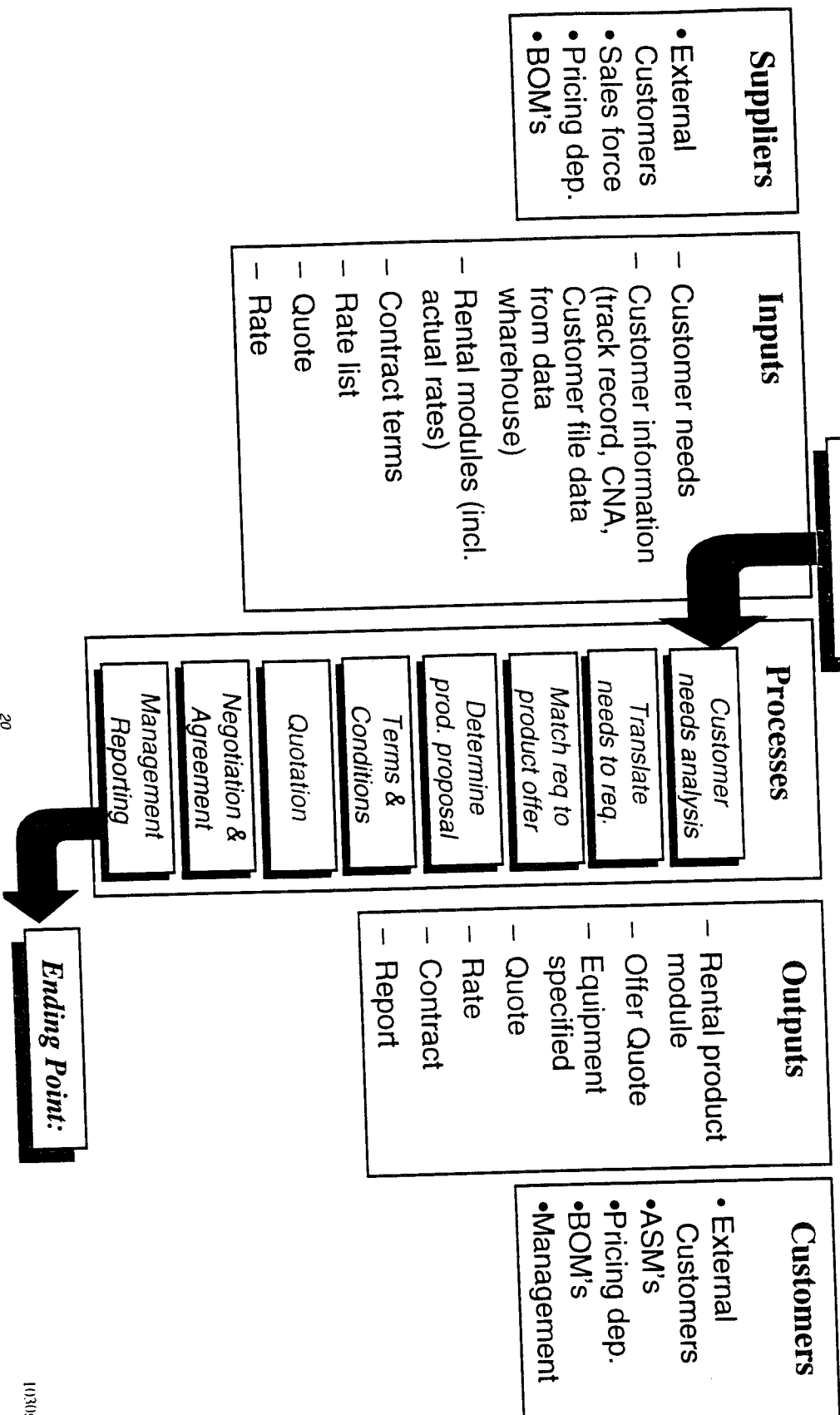
Example Base Rate List: South East UK

Cluster	Equipment Type	Category Code	Description	Vintage	
				Group	Base Rate
South East	CHASSIS	TSG320AN	Skeletal gooseneck, 3 axles, 20ft, 1*20ft central	94-97	150
South East	CHASSIS	TSR340EN	Skeletal rolling/sliding bogie, 3 axles, 40ft.	94-97	131
South East	CHASSIS	TSS220AN	Skeletal standard, 2axles, 20ft, central	88-93	70
South East	CHASSIS	TSS240BN	Skeletal standard, 2axles, 40ft.	88-93	85
South East	CHASSIS	TSS330CN	Skeletal standard, 3axles, 30ft, central	94-97	127
South East	CHASSIS	TSS340ENN	Skeletal standard, 3axles, 40ft.	94-97	115
South East	CHASSIS	TCS31341NNN	Curtainsider standard, 3axles, 1340 m, straight	94-97	145
South East	FI,ATS	TPP21221NN	Platform, 2axles, 1220m straight	88-93	85
South East	FI,ATS	TPP21241NN	Platform, 2axles, 1240m straight	88-93	93
South East	FI,ATS	TPS21221NN	Platform skeletal, 2 axles, 1220m, straight	88-93	85
South East	FI,ATS	TPS31221NN	Platform skeletal, 3 axles, 1220m, straight	88-93	95
South East	FI,ATS	TPP31222NS	platform frombone, 3 axles, 1220m, step, steering axle	88-93	300
South East	HUCKEPACKS	TTS31361HNN	Tilt standard, 3 axles, 1360m, straight, huckepack	94-97	130
South East	REEFERS	TRF31341NNN	Reefer Flower Spec, 3axles, 1340m, straight	94-97	340
South East	REEFERS	TRS31221NNT	Reefer standard, 3axles, 1220m, 1a1111f	88-93	320



Supplier Input Process Output Customer Map

Starting Point :

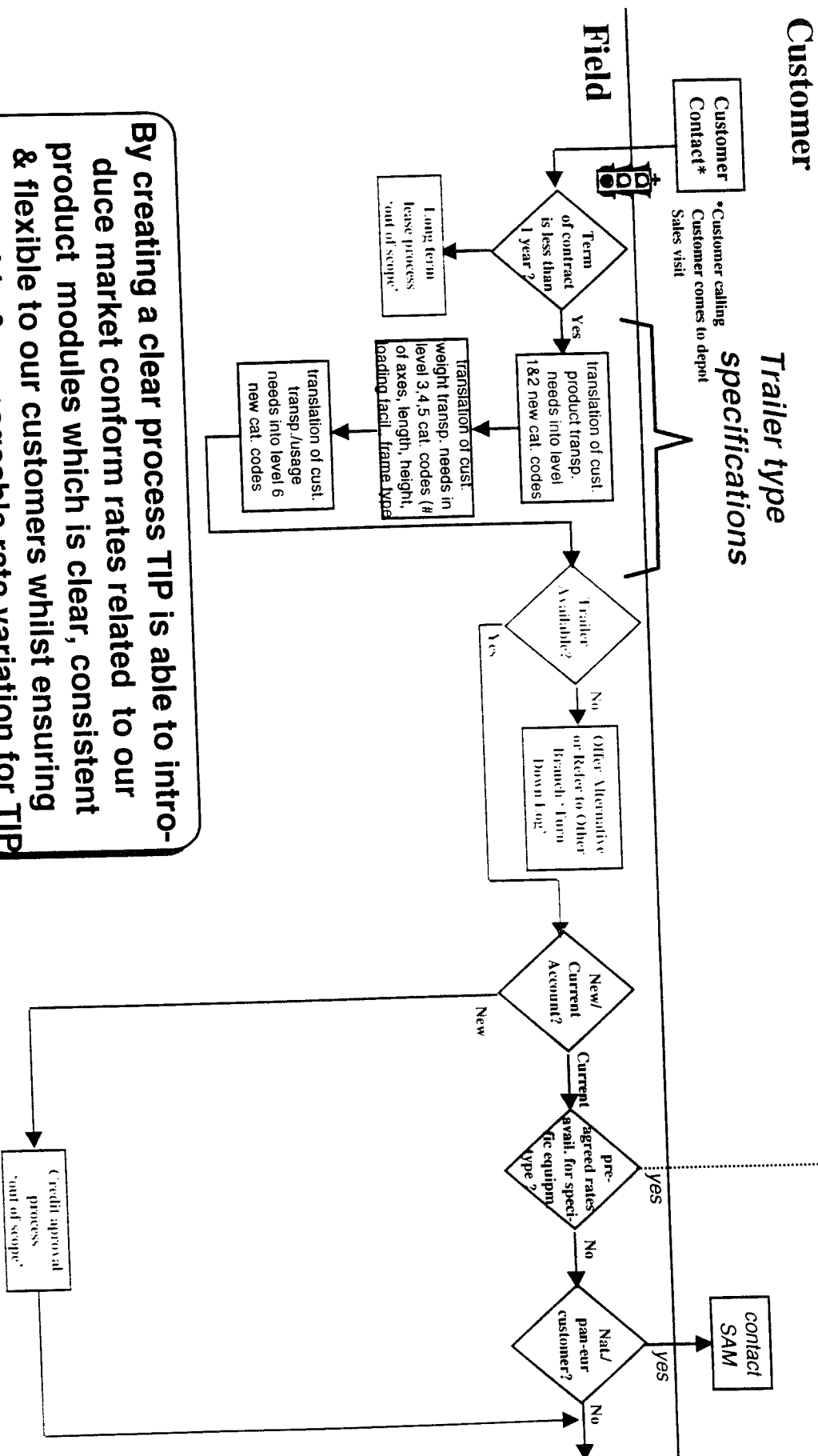




TIP Europe

Design: process map Rental product/quotation

Process Map: 'Should be'



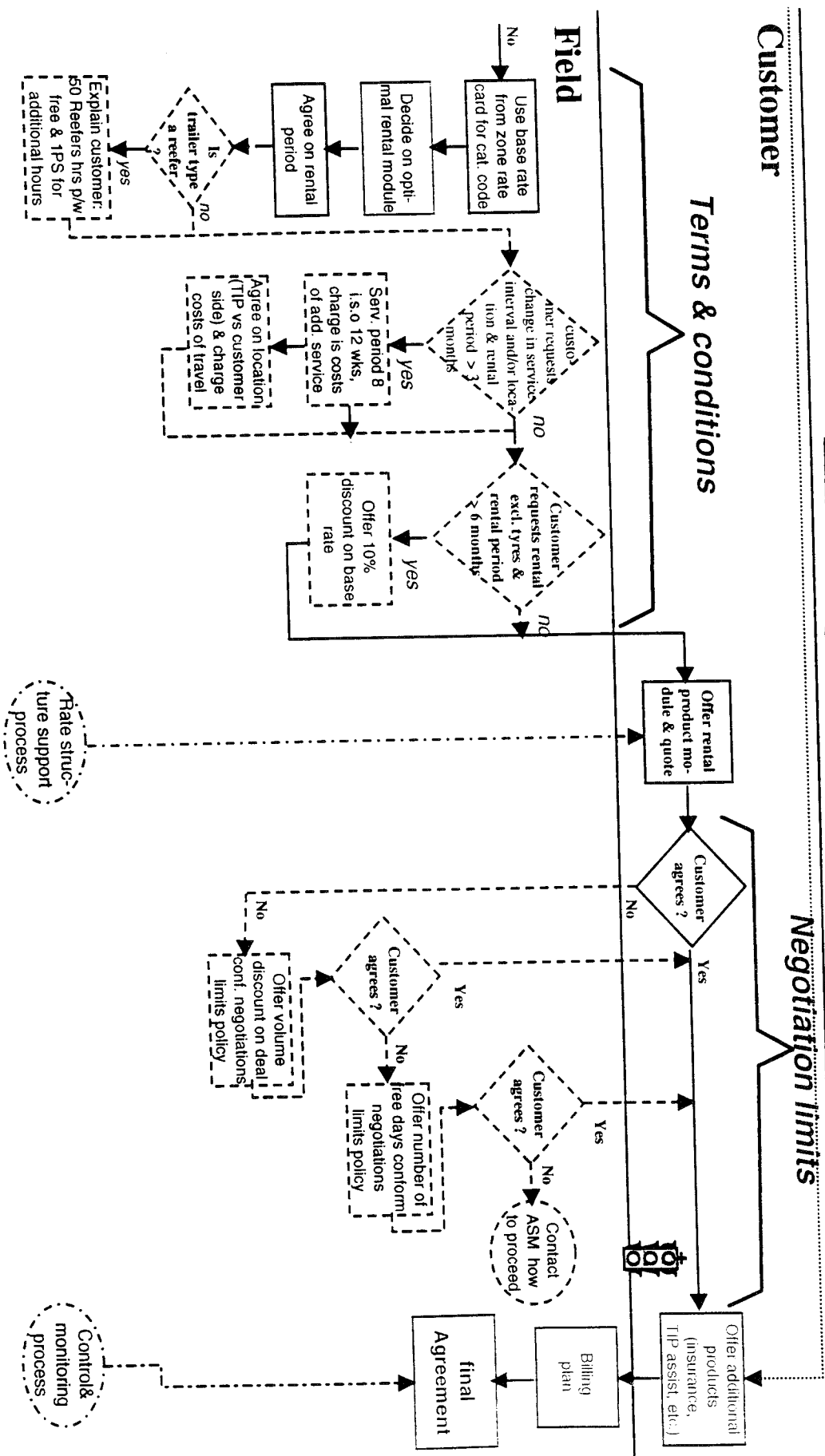
By creating a clear process TIP is able to introduce market conform rates related to our product modules which is clear, consistent & flexible to our customers whilst ensuring controllable & manageable rate variation for TIP



TIP Europe

Design: process map Rental product/quotation

Process Map: 'Should be'





Modular rental tool captures entire new process/product/price structure in appr. 10 questions to make it fast and simple for our people in the field

NEWCASTLE UNIVERSITY

Customer summary

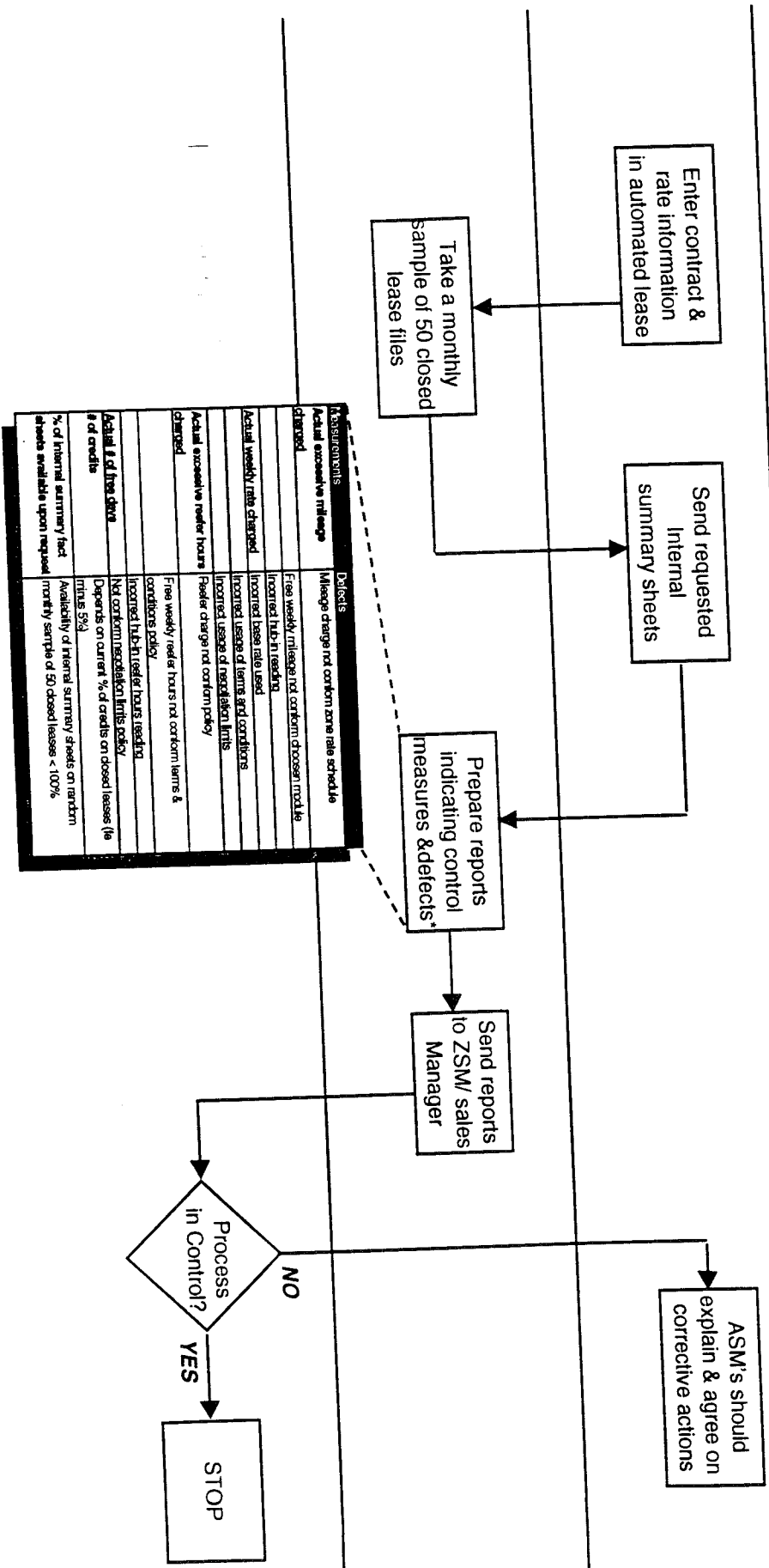
Module Specified	b
Fixed Rate p/week	284 / week
Free Mileage/Week	600
Mileage Charge	0,04
Rental Period	30 days
Free Reefer Hours	50 / week
Rate Per Reefer Hour	1 PS

Region/Zone	UK
Branch	079
Customer #	0
Lease Agreement #	

Trailer Type	tr31341mm
Vintage	>92
Module	b
Rental Period (days)	30
Original Base Rate	300 / week
Ending Rate	284 / week
Free Mileage/Week	600 Kms
Mileage Charge	0.04 PS
Free Reefer Hours	50 / week
Rate Per Reefer Hour	1 PS
Discounts	
Period	not applicable
Tires	not applicable
Vintage Offer	not applicable
Volume	not applicable
Free Days	2



Monitoring process enables us to get feedback on effectiveness of rental modules, market-conformity of rates & discipline of sales force: guideline for taking corrective actions





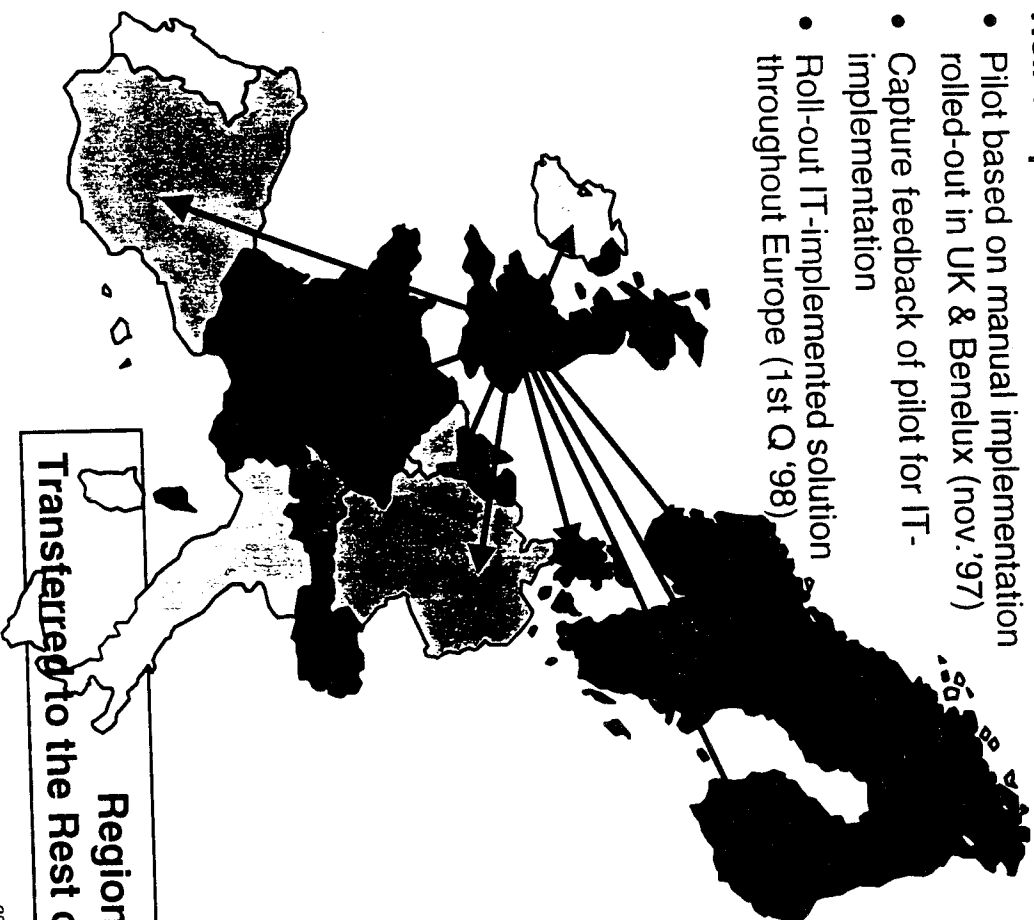
TIP Europe

Verify: roll-out plan & financials

Rental P3-project will have a financial impact of more than \$ 2,000,000 !

Roll-out plan:

- Pilot based on manual implementation rolled-out in UK & Benelux (nov.'97)
- Capture feedback of pilot for IT-implementation
- Roll-out IT-implemented solution throughout Europe (1st Q '98)



28-10-97

Financial impact

- 1997:
 - UK: \$ 110,000
 - Benelux: \$ 90,000
- 1998
 - UK/Benelux: \$ 1,350,000
 - Rest of Europe: \$ 1,000,000

Assumptions:

- Financial impact from:
 - ADR improvement (3%)
 - Billing incrementals (mileage, reefer hours)
- Pilot Roll-out UK: October 15th, 1997
- Pilot Roll-out Benelux: November 15th, 1997
- IT implemented European roll-out: April 1st, 1998

Regional Project Being Transferred to the Rest of Europe & Potentially in TIP USA



1. Clear scope of DFSS-project is essential to make it manageable. There is a key role in this scoping effort for project sponsor at the start of a project.
2. Integration of DMAIC/DMADV tools gives more focus on measurement of current performance which creates the shared need
3. Team members should preferably be (future) owners of product or process
4. DMADV projects are more time consuming than DMAIC projects especially when it concerns New Product Introductions (NPI) due to need of external customer surveys, competitor benchmarks etc.
5. Capture project progress in a dynamic document (f.e in powerpoint on a weekly basis)
6. Shared team leadership creates stronger fist to execute projects which dramatically change the way we are doing business now
7. Integration of IT Systems in Project is Critical in Making the Change Last