

In House Drivers and Couriers VS Out Sourced Drivers

The demand for hospital, laboratory and pharmacy services is driven by advances in medical care and technology. The profitability of medical facilities depends on *efficient* operations; Labor is often the single largest operating expense usually equal to more than 40% of revenue.

To remain stable in the current economy, management at all levels in the medical industry must face the facts and act decisively. Hospitals and labs that have long had in-house drivers are now willing to consider out-sourcing their delivery needs. Outsourcing delivery operations saves your facility money by replacing fixed expenses with a variable expense

Now is the time for a review of all costs and a willingness to explore new options. Providing these services in-house is often the most expensive choice in transportation. Outsourcing of a non-core function like delivery to a competent medical-specific courier can save a hospital system or lab 15-20% while maintaining quality patient care.

Best Delivery is dedicated to helping you achieve your patient care goals, balanced with financial performance. We would be happy to provide a free review of your delivery needs and determine if outsourcing is a valuable benefit to you. We can design systems the mimic your current delivery schedules to minimize staff concern and keep service consistent.

We can help learn what to look for in a courier service to insure that all the couriers you use are properly trained, insured and competent to provide you facility with top notch service and minimize financial risk to your institution.

Per Driver Monthly Cost Calculation for a Typical In-House Driver plus Vehicle

Payroll Driver Costs:	Monthly:	Notes:
Driver Pay	\$1760.00	\$10.00/hr. x 8 hrs. x 22 days (M-F)
Payroll Taxes	\$396.60	
Workers Comp	\$154.56	
Health Benefits	\$400.00	Employee Only No Family Coverage
Paid Time Off	\$33.00	Vacation 5 Day Sick Time 5 Days
	\$2711.16	
Vehicle /Fuel/Insurance:		
Lease/Payment	\$500.00	
Insurance	\$300.00	

Maintenance	\$275.00	
Fuel	\$880.00	\$4./gal x 200 miles/day x 20mpg
	\$1995.00	
Other Expenses:		
Cell Phone with GPS Tracking	\$75.00	
Uniforms	\$10.00	
Driver Manager/Administration	\$250.00	
Ice Chests/Cold Packs/Freezer	\$29.00	
	\$364.00	
Total	\$5070.16	Per month with vehicle

Other associated costs that are difficult to quantify



- Management's time to supervise
- Human Resources/Payroll administration which is usually a cost borne by other departments within a larger organization
- Vehicle down time due to on-road break downs, auto accidents and scheduled maintenance
- Liability exposure of having vehicles on the road/ risk of large claims
- Liability exposure of workers comp claims
- Driver replacement when driver is off work
- Driver training time
- Increase in facility insurance cost to cover drivers on the road
- Compliance with City, State and Federal drivers laws

Fixed cost VS Variable cost: An employee driver is still costing as much when not need them.

Volume of delivery work is frequently not the same at all times. Sometimes you need 3 drivers and other times only 1 or 2. In this example, you must hire 3 drivers and buy 3 vehicles in order to always give your facility the best possible service and availability. Why not simply pay for the deliveries you need and let someone else worry about this problem? If your volume slows down, your expenses decrease with it.