



TEAMWORK IS KEY

Key challenges when bringing in a transport team, and how to overcome them

WALTER SCREMIN

Transport is not just a critical area of the supply chain, it's usually a top five business cost. For efficiency's sake, most transport divisions outsource at least some of their requirements to specialist suppliers. The trouble is, transport suppliers vary greatly regarding professionalism and care, introducing many potential pitfalls when you bring in a new team.

When done right, partnering with the right transport operator is more like 'insourcing' a dedicated team but without the financial liabilities of owning your own transport resources.

Ideally, you bring in a team that becomes a genuine part of your business. Through my business, I've known delivery drivers to be placed with businesses for up to 25 years! In these cases it's more than just an outsourced arrangement – the driver becomes a genuine, often much-loved team member.

LET'S CONSIDER SOME KEY TRANSPORT CHALLENGES

What are you really trying to achieve?

Motivations for bringing in a transport contractor are fairly similar:

take liabilities off your books; focus on core business; and tap the flexibility to make changes at short notice. What are you hoping to achieve by partnering with a specialist? If your motivations are mixed, or vague, it may be hard to measure success.

Flexibility and resourcing were front of mind for leading paper bag manufacturer the O'Kelly Group, as CEO Sarah O'Kelly explained: "We have to deliver when we are expected to, no matter what. If a driver was absent, it created problems. We would re-allocate staff from the warehouse or elsewhere to do the deliveries. But then we'd be one down and those areas of the business would be affected, so it made sense to outsource."

Greg Welch from Welch Auto Parts said outsourcing certain risks was a motivator for outsourcing his delivery fleet. The main risks were those associated with HR and WorkCover claims: "We're not experienced at managing HR. Our expertise is in parts. But if your transport division is growing, all of a sudden you've got to manage it, or hire another person to manage it.

"Hiring and firing is not really our game, and it can be difficult to find quality drivers."

Being clear on what you are trying to achieve enables you to understand if it's successful.

UNDERSTANDING SUCCESS

Success isn't only about numbers. So how is it best measured?

Ms O'Kelly said outsourcing transport has saved costs but some benefits would be hard to quantify. "There is a saving but it was never about that for us. It was about the cost of interruption to the business, and it's hard to quantify that.

"The flexibility would have a financial benefit, but it's not always easy to put a number on it.

"When running your own fleet you're dealing with vehicle costs, breakdowns, maintenance. Something could go on a truck and you're up for \$2,000. But then you don't have access to the vehicle either, so you need to cover by short-term leasing a vehicle."

The biggest benefit is flexibility to manage resources, according to Ms O'Kelly. She says the increase in control was an unexpected benefit and contradicted her initial worries about outsourcing.

Having regular back-up drivers on standby covers absenteeism and spikes in demand.

Greg Welch said freeing his auto parts business of fleet responsibilities has made it easier to achieve his motto of 'right part, first time, on time': "It has improved our strike rate no doubt. I believe it has helped client loyalty. It's important for customers to know that the part is going to be there."

Using a fleet telematics system has cut the risk of misplaced deliveries.

Mr Welch said in general, outsourcing has assisted with business growth by providing the flexibility and freedom to try new delivery runs. "A bonus is that at the drop of a hat we can get a driver in to do another run."

VALUE FOR MONEY

The biggest mistake when outsourcing in any field is putting too much emphasis on price. Going for the cheapest is rarely the best, and might actually cost you more in the long run.

A key challenge is knowing what value for money looks like. Price is important, but only one part of the whole – for example, a cheap supplier won't be much value if they can't

respond quickly to your needs. How do you rank other values, such as reliability or professionalism? These may be critical for customer service and business continuity.

SIZE OF COMMITMENT

Biting off more than you can chew with a transport company creates more headaches if you later find out they're not what you expected. Sometimes the best thing to do with a supplier is to start small. Many transport companies may not like starting small, but if they are serious about taking on your business they will be happy to prove their worth before you expand resources further.

Sarah O'Kelly said starting small helped make the decision easier: "It was a big decision, because my company had managed its own transport for about 60 years. But we put one driver on and it went really well, so we gradually increased our commitment."

Starting small is a good way to discover and remedy any teething problems in the relationship. It will help ascertain their ability to communicate and respond to your

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needs. But do ensure any transport supplier has the depth and breadth to grow with you.

CULTURAL FIT

A common mistake is rushing into a decision without really getting to know the people involved. Cultural fit is surprisingly important for success, and it's worth taking the time to try and understand the organisation with which you are considering partnering.

Cultural fit drives teamwork – at its best, both parties work toward the same goal. Consider this question: is your supplier identifying ways you can become more efficient and trying to make you better? Are they available? Good communicators?

Culture is two-way. When describing the drivers brought in to O'Kelly Group, Ms O'Kelly said: "They are part of our team. We treat them like employees. They wear our uniform, they are here every day.

"We can't have couriers doing their role."

Walter Scremin is general manager of Otime Delivery Solutions. For more information visit www.ontimegroup.com.au.

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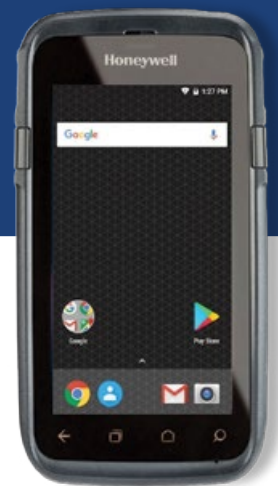
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