

FORWARDERS NEED TO ASK THE RIGHT QUESTIONS

We are continually in times of change. The whole core and orientation of business is shaken by developments that are ever faster and quicker in application. What used to take three years can now happen in one year- witness the death of the five-year strategic plan. But are people able to react to these changes quickly? Are they able to deliver efficient and effective work and solutions during these times of rapid change?

The plain fact about business change is that it is the people that need to change. People need is to learn new ways as learning and changing is complimentary and linked. To survive, a business must learn and adapt to change. Crucially it is the people that need to do the adapting and the changing.

From the company perspective, this is viewed and actioned in two basic ways. One viewpoint is, by the historical method. This is reactive as a last resort to change. It uses a "what's happened" mentality. The other viewpoint, is the forward-looking view. This is active towards the future, creates its own future, and gets its retaliation in first. Interestingly, these viewpoints and perspectives have application and utility to how the training and the development of people are undertaken. Remember that it is the people in the business that manage and drive that business - it does not happen by remote control.

By examining three critical areas for logistics service providers, this will show how the development of people can be applied into these companies. It will be seen that people are needed to provide a problem solving ability, to have basic costing and productivity skills, to have skills to get on with people, to have logistics insights, to be open and creative and finally, to develop the desire to serve the customer. It will also raise critical questions that need to be answered by logistics service providers.

Company Objectives and The People

Companies will decide on a clear business purpose. They then need to maintain it. It is also important to ensure everyone in the business knows this purpose and identifies with it. It really helps to ensure that people have commitment towards achieving this purpose. This means therefore, that you have to get the people management of the business right. People are the root of the business. How they see things is their reality. Companies need to ensure their people's reality matches the business purpose, so that "all sing from the same hymn sheet".

Question one: Are you fully competent in your people management? Are there areas for improvement?

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Customers and Costs/Revenue

Customers are the reason for the business existing. Therefore, a concentration on both marketing and on cost cutting is needed. Cost cutting is needed as the customer may require an acceptable cost to them and not you. But before costs are glibly reduced, they need to be fully known. Simple-yes-but-how many companies actually slash rates without fully knowing their costs? So once more is fully known about the "raw" costs, then you can see how to reduce them, and once you have reduced them, then perhaps the customer can be offered an acceptable cost! Costs and sales revenue are directly linked; they are not separate "by products".

By concentrating on marketing, you want to become an integral part of your customer, aiming for mutual commitment. You want to get under their skin in the right way! To do this you must fully understand what the Logistics requirements are in your customers market segment. Next, you examine how this can change the way they do business and therefore have knock on effects to you? You will need to appreciate that your customers are focussed on the logistics challenges to their business. All attention is paid to designing, supplying, making and marketing the product. The goal is for faster inventory turnover, shorter lead times, and marketing to their customers on their terms. You are "only" the moving and storing and sorting part of the process-an important fit yes- but just one part of a total and complex logistics process. A total process however, that you can ill afford not to fully understand.

Question two: Are you clearly marketing yourself and understanding your customers needs - do you have the skills?

By concentrating on cost cutting, you will be forced to structure a cost control system to identify just where are, the major and the high costs; for example on an individual percentage into the critical areas.

Question three: Do you however clearly know your costs? Do you have a proper cost control system?

Service and Productivity

The level of service offered is your choice. You will need to concentrate on efficient operations with effective hardware and be a continual searcher for better productivity. This will involve setting up productivity ratios, which adequately measure utilisation and performance.

Question four: Do you know how to measure service, utilisation, and performance?

Experiment with new technology, for example, cab phones enable a high speeds

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response and can achieve a 10 per cent improvement in vehicle utilisation. Computer assistance on load planning can bring 5 to 15 per cent savings. Don't treat new technology like the farmer with a fixed mind, who in reply to the question about directions to the next town, said that you couldn't get there from here!

Become a searcher for effective equipment in your vehicles and warehouses. New, technical innovations can give good cash savings and increase operational performance. For example, fuel productivity gains in excess of 15 per cent are clearly achievable from vehicle aerodynamic designs. Don't forget that fuel is likely to be over 50 per cent of your running costs. If others have pioneered these designs and have got such benefits, then why shouldn't you benefit? Perhaps there is a need therefore to become active and continually learn to be exposed to new ideas and thinking.

Question five: Do you actually have an open, active approach to innovation (and change)?

Conclusion

So there you are, these are just some suggestions on where training in the business basics will help. Lets me assure you, that all of the above suggestions use correct figures and reflect real gains and real achievements. They are fact, and not fiction!

Training indeed offers real benefits to business by developing people - that common and especially unique resource that all logistics service businesses have. As training patently can offer benefits, why is it not used more? Why indeed is it the final frontier for some companies?

One view might be that the historic business attitude does not want to face up to the future and the need to change. It finds security in doing nothing - until - sadly it's too late. Training is therefore seen as an added extra, which costs money. Maybe also it views training as implying change (and the future). Simply put, this historic business attitude is likely fearful of the future. As such, training represents, the final frontier, as the historic company has no wish to boldly go where it has not been before!

The forward-looking perspective however has training as a central and core activity. Training is viewed as an investment and not a cost. In just the same way as the transport industry invests in trucks because it knows a lack of investment in the short term, will cost in the long term. So it invests in its people, as the same investment principle applies.

Yet, with people as the key resource in the logistics service industry, this people resource generally, needs and cries out for investment. And the forward-looking business will acknowledge this simple fact, that if you invest in and improve the people, then you will improve the service and improve the business.

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Who therefore, can be trained and what benefits can be obtained?

Training should be a continuous process with both the young who are starting out and the mature who need to learn new skills. Good, well-trained and highly motivated people are continually needed to guarantee success and survival for both, the companies and the individuals employed. People are central to change and training will therefore improve a business by moving it forward and increase business professionalism by up-rating its key resource - the people.

People are the core of the logistics service industry and a business will gain secure commitment by investing in its people. Business will reap what it sows. Sow well and you reap well. It really is as simple as that. But then so is the opposite! Training in what, when, why, where and how to sow is readily available. But the decision and choice of what you reap is open. Will you reap a positive future or an historic past? Have you really any choice?

Remember - the future starts tomorrow - are you active today?

Summary-Recap on the Five Questions.

Here again are the questions raised.

Question one: Are you fully competent in your people management? Are there areas for improvement?

Question two: Are you clearly marketing yourself?

Question three: Do you however clearly know your costs? Do you have a useful cost control system?

Question four: Do you know how to measure service, utilisation, and performance?

Question five: Do you actually have an open, active approach to innovation (and change)?

And, a final question-are you actively involved in supporting the development of your people. If you are, then you may well find you are able to satisfactory answer, all the above questions.