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LQ's Global Trade and Technology Forum:

*Perspectives and ideas for transforming
business through logistics and supply chain
management from American
and Canadian leaders
in the field.*



COMMENTARY:

Technoreality... Putting IT in Perspective

If your company wants great performance, information technology is vital. But despite the best of intentions, too often it shapes a mindset about a corporation's core competencies that belies the value of great people.

By Jim Davidson

What an image... a majestic team of eight Clydesdales pulling a wagon full of beer kegs at events, parades and in TV ads across North America. Besides making a great visual for advertising and marketing, it has a rather profound historical significance for those of us in the field of supply chain. Horsepower was initially used to grind the malt in British breweries. In the mid 1700s, wheel horses walked in endless circles to turn a shaft that rotated the mill. When James Watt patented the steam engine the efficiency of steam meant horses were relieved from the monotony of chasing each other's tail. By the mid 1800s all breweries were using steam. After all, Whitbread's Brewery alone replaced 24 horses that cost \$40 a year each to feed and keep healthy and replaced them with a steam engine and a single engineer who was paid a salary of \$40 per annum. Now that's progress.

The retired wheel horses graduated to their new task as draft horses (or "draft" horses as we called them in America). Draymen and their teams pulled rugged carts loaded with three barrels of tasty brew to quench the thirst of patrons of

public houses. As Brits became thirstier, wagons became larger and hence the lasting image of the teams of Clydesdales.

The term drayage itself has also survived, although in the 21st century the context occupies a somewhat different niche. At mammoth seaports, endless convoy of today's draymen in tractors powered by 400 HP diesels lug upwards of 6,500 Asian containers from monster cargo ships to waiting trains for distribution across the continent. Technology has certainly altered the scale, but the task is still the same. Whether it's a pint of Whitbread's or a container full of hand drills, someone in the supply chain is always producing and someone is looking to buy and someone has to move product from one to the other.

In today's context, it is impossible to consider moving the infinite volume of the world's accumulated production to market without electronic technology. The frontiers of commerce have been stretched beyond the imagination of even the most optimistically visionary brewer of 1796. Moving three barrels of brew to the corner tavern was "then," but in 2003 alone, another 172 container ships were launched and added to the world's fleet. That's "now". And it's not just the volume of freight that staggers the imagination; it's the complexity of today's logistics. In auto plants around the world, technology ensures that the sedan with the GPS is painted blue and the green hatchback gets a five-speed manual transmission because the system told the robot that's the way the executive in New Jersey and the coed in Vancouver ordered their new cars. And that fundamental accuracy is pretty important to each of those customers on delivery day. However, it takes more than the right color to impress a car owner five years down the road after the all the car payments have finally been completed. No rattles, low cost of repair and a big resale value are what convince a car owner to buy from the same company again. The real value is in the execution; meeting and/or exceeding the standards set by the consuming public.

Like everyone else in business, I'm a big fan of information technology. But I don't buy into the idea that IT drives our business. People do. Products do. Quality does. And after all is said and done, delivering above average service and doing it as a lower cost provider is ultimately what grows our business. Information technology is certainly a valuable. In fact, it's a critical tool to get the job done. Your competitors have it and you need it simply to complete. For example, our company, which offers extensive supply chain management solutions, and many others have added profitable business to our books through Internet auctions without leaving the office on a sales call. It takes a ton of information to bid with confidence and win the business with a margin for profit. However, information alone isn't the whole story.

Someone once asked me if I knew the difference between how men and women relate to the use of a TV remote. He told me women use the changer to find what is on TV. Men on the other hand, use it to find out what else is on TV. Crunching the stats can tell you what's going on with your customers.



People tell you what else is going on.

Ten years ago, technology was often embraced and justified based on reducing labor costs alone. In retrospect, that was at best an over simplification. Ten years later that doesn't resonate to the same degree. Reality is that everyone has technology. Information technology certainly enables great companies and outstanding individuals to reach higher standards. And if we're pitting all-stars against all-stars, it may even be a tiebreaker. Ultimately though, all that counts is what you do with the information you gather.

Wikipedia is a free encyclopedia I discovered on the Internet. It defines what I thought to be a couple of interesting words (ideas) relevant to this issue of LQ. "Technorealism" is defined as an attempt to expand the middle ground between techno-utopianism and neo-Luddism by assessing the social and political implications of technologies so that people might all have more control over the shape of their future. The technorealist approach involves a continuous critical examination of how technologies might help or hinder

people in the struggle to improve the quality of their lives, their communities and their economic, social, and political structures.

"Technorealist," that's a label I'm comfortable wearing. Technology, particularly information technology, has helped us grow our business. Even more important, it helps our people do a better job of looking after our customers. IT helps us stay on top of our game. It helps us monitor our day-to-day (and minute-by-minute) business. It also helps identify anomalies and deal with them before they become critical. It helps us manage and maintain service levels. All of that adds up to better service at a lower cost. At the end of the day, we know we couldn't (or wouldn't even try) to survive without IT because IT is simply a business tool that every company in our industry uses and needs. It keeps the playing field level. And I know with confidence on game day our team (our company) is going to rack up our share of wins if we're playing on a level field—not because we have better equipment but because we have a better team.

**17 of 20 top scorers
last season had
something in common**

***They never
scored a
touchdown.***

During the 16 game pro-football season, it's the towering pass, the end-to-end rush and the crushing tackle that brings fans to their feet. But when the game's over, all that really counts is how many points are on the scoreboard. Again this year it wasn't the "glory players" that racked up the big points – it was the place kickers. Those guys on the special teams who know how to get the job done.

When it comes to supply chain management, we are the "Special Teams" solution ... the Wheels Group of Companies. We work with some of North America's finest businesses offering them a wide slate of supply chain solutions. We provide comprehensive dedicated logistics programs for companies in the auto industry ... and manage country-wide distribution networks for building products manufacturers. We find retail distribution solutions for greeting card companies ... and keep a constant supply of groceries on store shelves across Canada.

We have some of the brightest minds, most powerful data systems and broadest experience in supply chain management in North America. Call us and find out how the Wheels Group "Special Teams" can add power to your game plan. A whole new season starts with that call.

