

The Value of Information in Logistics Alliances'  
By Jim Davidson, Vice President, iWheels Logistics

The evolution of a global economy has expanded the base of competition for virtually all businesses. By the very nature of the word “competition” it is implied that someone out there is always keeping score. The tally on the scorecard may be a measure of more sales, increased profit or a growing customer base. Regardless of the method of measurement – to win, you have to put up more points on the board. Aside from meeting and beating the competition, there is also a basic business demand to simply get better at what we do. Whether your company calls it Kaizen or Continuous Improvement, there are real, bottom-line dollars to be earned through performing more effectively.

In the field of logistics, there has always been an abundance of data. Shipping bills alone render a ton of information. Traditionally, freight audits have been a tool used to give shippers a comfort level that carriers were providing the services they were contracted to perform. Audits continue to be a valuable practice, however with the development of new logistics technologies they are just one source among many to glean the information demanded to improve supply chain management. Gathering the data is indeed important, evaluating the information, setting benchmarks and measuring performance and progress is critical.

Prior to joining the Wheels organization, I became keenly aware of the formidable team iWheels Logistics had assembled, working with clients to develop systems and technologies to measure supply chain performance. The team was built around a group of people with a broad base of business, analytical and programming knowledge. Each member contributing a unique perspective. The common denominator among them is the data itself.

The first step in the iWheels Logistics process is to ensure the purity of the raw data. Seemingly small issues can have a major impact. As an example, historical documents are extremely vulnerable to input error. Simple spelling errors or listing an address as a “street” on one manifest and “avenue” on the next can skew the numbers during the evaluation process. Wheels Logistics has developed some simple, yet powerful tools to quickly cleanse raw data from virtually any and all sources.

iWheels Logistics has built a sterling reputation for the ability of its powerful, proprietary systems and their logistics team uses to mine and evaluate critical information from a broad spectrum of sources. The reports that are generated can pinpoint simple solutions that can precipitate cost savings and/or service improvements that can have significant impact on profitability and customer satisfaction. Drilling deeper, the reports can have an even more dramatic impact throughout the entire organization from operations to finance. The critical factors are the quality of the information, the ability to recommend and implement the changes necessary ... and ultimately to measure the improvements.

Unisource Canada, Inc. provides just-in-time delivery of printing & imaging, packaging and maintenance supply products from coast-to-coast. Both their supplier and customer

reads like a Who's Who of the prominent names in Canadian business. With over \$1 billion dollars in sales, 1.7 million square feet of warehouse space and approximately \$90 million in high-turn inventory – information is a critical factor in seeking continuous improvements. Carriers, suppliers and other business partners can offer various pieces of the puzzle and Unisource's own Legacy system as well as other in-house sources can generate information by the truckload. To improve supply chain management from a corporate perspective required a resource to analyze the mountain of information. David Faoro, Director of Transportation elected to work with iWheels Logistics. "There were a number of reasons why we selected iWheels. The first was that their people impressed us with their understanding of the value of the information and how it can help us manage the process. In addition, it was obvious they had made a significant investment in technology and even more important, they have increased that stake to improve their capabilities." Mr. Faoro emphasized there is no shortage of information within various sectors of the supply chain. He pointed out that a number of their carriers have very sophisticated information systems. However, they are designed to help the carrier improve their own operations. The information Unisource is looking for has a greater impact than to solely manage transportation costs – the focus is to improve the entire supply chain. As an example, Unisource receives products from a wide variety of sources throughout the United States and then distributes those products through twenty-one warehouses across Canada. iWheels acts as a virtual hub for that information – gathering data from countless sources, cleansing and processing the information and produces detailed reports. "iWheels has shown tremendous flexibility in preparing the reports for us. The information is extremely detailed in its analysis and focuses exclusively on improving our supply chain management. It has been a significant benefit to have a partner that is both capable and willing to adapt their expertise and technology to give us a very tailored, customized insight to help us set benchmarks for our process and measure the result."

Roxul Inc. competes in a decidedly different market. They manufacturer a product the company calls "The Better Insulation". When Roxul opened a manufacturing operation in Western Canada, they took over an existing facility in Grand Forks, British Columbia – located somewhat off the major traffic lanes for motor carriers. iWheels Logistics conducted a study and analysis of markets and available transportation services and recommended two new distribution centers. One in Edmonton to serve Western Canada and in another in Las Vegas to the cover the western states. Wes Woof, Logistics Manager states, "Our company operates in a very competitive market. Transportation is a major component in our cost of doing business and every cent we save contributes to our competitive advantage. Analysis gave us the answers we needed to decide the right strategic location of our DC's."

Transportation also plays a big role in maintaining customer satisfaction. Mr. Woof explains, "If a site supervisor has rented equipment or hired trade labor for a project, he doesn't want excuses ... he wants our product." Roxul places high expectations on carriers to provide high quality service and equipment at competitive rates. iWheels International provides transportation services to Roxul. "They understand our demands and make sure we get the right equipment, deliveries are met and they also know the

importance of rates. says Mr. Woof. “However, there is also a couple of other advantages too. First, we gain access to a number of carriers through one source and on the flip side we get the corresponding invoice from a single source, which helps us reduce administration cost. The other advantage is that iWheels provides us with strong statistical performance detail. That means in spite of the amount of noise one service failure may create, on balance, we know when we are meeting our customer commitments day in and day out and the stats back that up – objectively.”

iWheels has also forged some very strong relationships on the supplier side of the logistics equation. Bison Transport shares the distinction with The Wheels Group in being recognized as one of Canada’s 50 Best Managed Companies. Dave Fulawka, Customer Service Manager at Bison feels that iWheels provides an important perspective to supply chain management, “iWheels has a unique understanding of both the supply and demand side of logistics. By analyzing customer needs they can link precisely the right kind of transportation services to meet those demands. When iWheels introduces us to a new customer we’re confident that we have been recommended because we measure up to the job. Everyone wins.”

Mr. Fulawka feels that we’re only seeing the tip of the information iceberg. “The challenge we’re facing is to continually compress the amount of time it takes transfer information accurately ... from placing an order, processing the information to pick-up and through to delivery ... we’re working on lead-time reductions of 75%. Processes that used to take a day to pass through an office now take minute. iWheels has invested in cutting edge information technology that makes them an ideal partner.”

Bison appreciates that iWheels has opened the access to some new business opportunities that they may not have discovered otherwise. The result: a customer whose demands are satisfied, a carrier with new business and iWheels quarterbacking a strong relationship based on measuring and managing supply chain information.

John McBoyle, General Manager, Intermodal for CP Rail agrees that sharing information opens new opportunities in logistics, but it demands trust. He sites the fact that CP Rail is a customer, supplier and competitor of The Wheels Group. “They have been very aggressive about building a competent team. Not only have they invested heavily in information technology, but have also attracted excellent people. The team has designed and built a logistics model that works ... the whole model. They can do both the front end consulting, and they have the expertise to carry it through to implementation and measure the results.”

iWheels takes a broader look at the value of information, both by design and out of necessity. As a non-asset based company, iWheels depends on transportation suppliers to meet the demands of customers. However, it also means the company is not pre-occupied with keeping its own equipment rolling. The result is that it is asset-free to focus on the right logistics solution – customer by customer. Mr. Boyle takes a pragmatic view of the role of iWheels, “They offer multi-modal solutions to customers ... it makes us a natural partner. We own the rail franchise across the country which is an obvious and integral

link in many Canadian logistics solutions. We're more than happy to play a role in a relationship that works for all of the partners.”

The key to all of the iWheels relationships boils down to three critical factors. First, all decisions need to be predicated on clean, accurate information. Second, sharing the information can benefit all partners if the relationship is built on trust. Third, the performance results need to be benchmarked and measured. Victor Deyglio, President of the Canadian Professional Logistics Institute shared with me an interesting insight into his vision of the future for professional logisticians, “It has been said repeatedly that information is power. I believe the evolution of our profession depends on putting that high quality information into the hands of the professional ... empowering logisticians to make decisions that can make a measured difference for companies. iWheels is on the cutting edge of developing the technologies that facilitate that empowerment.”