



EXECUTIVE BRIEF

4 TRENDS FOR
STRATEGIC LOGISTICS

It has only been in the last decade that large corporations have created a C-Level position to oversee supply chains and logistics. But for small to medium sized companies, it's rare for there to be a dedicated Chief Supply Chain Officer. While smaller companies must be diligent in allocating resources, there's also a reason why larger companies are investing in creating an executive position to oversee the supply chain. When logistics are optimized, so are a company's entire profits. While it may not make sense for your company to employ a CSCO at this time, here are four trends we're currently seeing in logistics that you can implement now. They are geared to helping small and mid-size companies to strategize every aspect of their supply chain to optimize efficiency, and in so doing, maximize profits.

PROCESS OPTIMIZATION

In essence, a company's supply chain and logistics is the method in which your company interacts with other entities necessary to conduct business. When we talk about process optimization, we're referring to making sure that all the interactions that are on your company's end are optimized for peak performance. When we work with third party company's and vendors, there are always multiple factors that will determine which is best for us, and the market will always set a base cost. But we do have complete control over how we conduct business on our own company's end. By streamlining operations, we increase workflow and reduce soft costs. Some areas that tend to most benefit from process optimization include overseeing how your company chooses carriers and gets rates, the tracking of shipments, and managing exceptions and invoices.

VENDOR MANAGEMENT KPI'S

You already know how valuable data is in running a business, and that's true of every aspect, including logistics. Every operation in logistics creates data, and by properly collecting and utilizing that information, your company can improve vendor performance, optimize costs and improve customer relations. The key to using data in logistics most successfully comes down to a few important decisions:

Choose performance metrics to track in your logistics operation that are quantifiable and controllable.

Select a KPI that requires data that is easily accessible, and won't require any more than minimal help from IT to collect.

Establish benchmarks and goals beforehand by which to compare your results.

By collecting data in a smart and meaningful way, you'll be able to view the impact of any changes and improvements in an objective and unbiased way. As we move into 2017, and towards new regulations that affect shippers and transport carrier contractors, it's necessary to implement new policies to make sure your company stays competitive. Additionally, it's necessary to always make sure that you're getting the most from your vendors, including vetting the ones you currently have, and properly vetting new ones. Properly implementing the right strategy for viewing your KPI ensures that you'll have all the right information to make the best decisions about vendor sourcing for your company, without letting personal bias cloud your judgment.

TECHNOLOGY

As a moderate sized company that likely doesn't have the resources to create a C-Level position to oversee your supply chain, the value of using technology cannot be overstated. It's not only useful in navigating the complexities of managing rates. Here are some other ways technology is being utilized in logistics:

Streamlining the booking process

Providing better track and trace visibility

Easily collecting data to better monitor KPIs and Vendor Management

To make sure your company is maximizing the benefit of its use of technology, conduct an audit of technology in your logistics operation. Begin by documenting the entire logistics processes, from order planning through final reporting and freight payment. Using that map, create a GAP analysis that lays out the "current state" of technology in use now, and plans for the "desired future state," planning all the places where your logistics operation can benefit from the implementation of technology and creating a cohesive technology solution in your end to end operations.

COST MANAGEMENT

While the previous methods can be utilized to improve your logistics operation, at the end of the day, it's only an improvement if your bottom line is affected for the better. Before making major changes to your company's logistics operation, it's vital that you take a close look at the current processes to identify any places where cost leakages are occurring. Some steps of a process might not be contributing to cost effectiveness, but are providing data that outweighs the cost. In other places, adding the right technology tools might easily maximize efficiency and increase cost effectiveness of a process step that is not serving your company well.

SUMMARY

The saying, you're only as strong as your weakest link, is never more true than when talking about a company's logistics system. In order to stay competitive today and in the future, companies of all sizes must not just have a logistics operation that functions well, they need to be sure that each individual step of the process is optimized. Just as cost management uses the techniques of the first three methods to ensure there is no unnecessary costs in your logistics operation, by carefully implementing all four of these methods separately into your logistics operation, you'll be able to create a cohesive system that operates at maximum efficiency.

QUESTIONS TO ASK YOUR TEAM ABOUT YOUR CURRENT TRANSPORTATION SPEND




- ⤵ Are we leveraging our total transportation spend when negotiating with carriers, or is our spend fragmented across departments, business units, or Logistics Service Providers?
- ⤵ Are we engaged with the right set of carriers, or are there other carriers that can meet our service level expectations at a lower cost?
- ⤵ Are we consistently using contracted carriers and paying contracted rates, or is there a lot of "maverick" spending taking place?
- ⤵ Are we being invoiced correctly, or are we paying too much? What's the cost of our freight settlement process and can we streamline it?
- ⤵ Are our transportation costs aligned with the rest of the market, or are we paying more or less than other companies?

ABOUT 4WL CONSULTING

At 4WL Consulting, we fulfill a strategic partner role for clients, bringing extensive resources and industry expertise, combined with the ability to adapt to the needs of your enterprise as you continue to grow. Our core focus is to support small/mid-size business, by customizing solutions to each of your unique business requirements and goals. Our clients know that they can count on us every step of the way.

Since 1994, its Founder, Michael Rogers has been fueling their Client's success using his 38 years of industry knowledge combined with a network of extensive carrier relationships. You can rely on us to deliver your company competitive pricing, combined with logistics expertise and backed by cutting edge technology to simplify the shipping process.

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