

Viewpoint: Economic Variables Require A Vigorous Change Management Process

Lessons learned from the recent worldwide recession have had a lasting impact on how logistics companies and shippers conduct business. Unpredictable economic environments and evolving customer demands require that logistics service offerings become more flexible. LSPs will be expected to offer enhanced services to their customers, even as they must reduce operating costs. This presents the ultimate business challenge -- the twin pressures of shrinking margins and ever-increasing customer demands.

The implications for ignoring the need for a proactive change management process are considerable as the traditional 'adapt on the fly' approach to business practices often exacerbates the very problem it attempts to solve and takes a tremendous toll on margins and customer satisfaction.

LSPs should explore new technological options that offer superior solutions to better control performance levels and supply chain costs.





LSPs must re-examine existing business processes to remain competitive

In order to adapt to global market variables LSPs must be open to reconfiguring business processes to meet market demands and improve workflow processes and management oversight.

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Now is not the time to remain locked into existing business processes.

Several change areas that should be addressed to better control performance levels and supply chain costs include:

- A re-assessment of existing business models
- An exploration of new IT options
- A restructuring of business models to include technological innovations

A scalable approach provides the options and flexibility needed to meet changing demands. This approach recognizes that within the 'normal' variation of each different job, the underlying logistics processes at work are fundamentally the same.

This scalable approach to the logistics process has the potential to provide LSPs with a considerable competitive advantage during fluctuating market conditions, while creating consistent productivity improvements over the long haul.

The successful implementation of this approach is dependent upon how companies integrate a dynamic IT solution into its workflow. A customizable workflow capability provides LSPs with a robust IT management tool that enables them to begin a continuous process improvement strategy. Best practices can be identified and implemented in combination with Key Performance Indicators (KPIs) that permit companies to manage operations more sensibly, based on factual data.

As companies evolve, new operational dynamics are frequently introduced into the workflow process, resulting in new staff and additional layers in the company's organizational chart. As this happens, decision makers often become increasingly distant

from the front lines of their operations and their visibility of cause and effect is obscured.

The 'management by gut' approach used to build a business is likely no longer the most appropriate strategy.

Growth in a dynamic marketplace requires a change management approach to performance levels, customer satisfaction and ROI. LSPs need a more objective way of measuring their company's strengths and weaknesses in today's unpredictable global economy. A KPI approach can assist LSPs in several ways:

- It improves business processes by task, milestone, event and escalation
- It enhances supply chain efficiencies, effectiveness and visibility of data
- It helps to identify the true costs of service
- It refines the organizational structure, staffing, and operations
- It enables monitoring of end-to-end performance from shipment booking, through service delivery, and invoicing
- It measures customer satisfaction and company performance levels

Utilizing IT-based workflow analysis combined with KPIs, enables LSPs to precisely and objectively identify and monitor the business areas responsible for success. The results enable companies to 'manage by facts' and properly reconfigure the manner in which they process jobs. This business model offers a notable difference to performance and profitability levels.

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