

Economic Variables Require A Vigorous Change Management Process

- 2010 Should Include IT-based Assessments of Business Structures -

Milton Keynes, UK, February 1, 2010 — Steve Corbet, Vice President Business Development Europe, Middle East & Africa, for CargoWise®, a globally recognized technology supplier for logistics service providers, says that coming off an economic downturn, today's dynamic environment requires Logistics Service Providers (LSPs) to re-examine their existing business processes to meet new customer challenges and remain competitive.

"Lessons learned from the recent worldwide recession have had a lasting impact on how logistics companies and shippers conduct business," says Corbet. "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, he says, 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. This makes it more difficult to win and keep customers. Now is not the time to remain locked into existing business processes. LSPs should explore new technological options that offer superior solutions to better control performance levels and supply chain costs.

Corbet suggests several change areas that should be addressed to better control performance levels and supply chain costs.

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

"In order to adapt to global market variables," says Corbet, "LSPs must be open to reconfiguring business processes to meet market demands and improve workflow processes and management oversight. 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. Only the sequencing and reporting on individual jobs change according to the specific requirements of the customer. An effective IT supply chain execution solution must support business growth as it happens – not after the event."

Corbet argues that 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 the more practical, scalable approach is dependent upon how companies integrate a dynamic IT solution into its workflow," says Corbet. "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," says Corbet. "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."

Corbet says that 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," summarizes Corbet. "If a company is to determine if the costs of service are too high, a change management process, with KPIs, lets them know. If it's unsure whether the service levels being provided are in line with customers' business needs, KPIs deliver the answer. 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."

ABOUT CARGOWISE®

CargoWise is a globally renowned technology provider that delivers an innovative, single platform solution to improve customers' visibility, efficiency, quality of service and profitability. It provides dynamic and efficient solutions for logistics service providers focused on effortless supply chain execution capability in an integrated globally capable enterprise system.

Every day, 1,300 logistics service providers, consisting of 33,000 users in 45 countries, move goods through the global supply chain using CargoWise's ediEnterprise system, a powerful and feature rich software solution developed to meet the ever-changing needs of the logistics industry. CargoWise offers the only single platform supply chain logistics management system that provides integration across all departments and functionality for domestic, regional and global customers. Headquartered in the U.S., Australia and in the UK, the Company operates worldwide from offices across the U.S., Europe and Asia. More information on CargoWise can be found at www.cargowise.com

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