

Time Out

BY KEN COTTRILL

When viewed from ground level, the Internet is not necessarily some grand, world-beating corporate strategy. For time-starved managers it can be a tool for breaking the vicious circle of too many tasks chasing too few hours.

That is how the logistics department at Summit, N.J.-based Ticona has put the Internet to work. The technical polymers business of German company Celanese AG, Ticona produces and markets engineering polymers used in a wide range of products from toys to industrial gears.

As the logistics group was downsized and restructured, fewer individuals shared the daily workload, making it more difficult to devote time to strategic tasks such as developing better ways to meet freight cost-reduction goals. The department calculated running near 129 percent capacity, said Elaine Duras, logistics team leader. When time is short priorities tend to be moving targets. "If you prioritize your tasks into A, B and C items, then A items you do every day, B are scheduled and you meet certain goals, and C are probably done by the end of the year during infrequent windows of down time," she explained. A concern was that C items could fall off the list completely, added Duras.

The group examined their current tasks, associated task hours and the man-hours available. For example team member Stephen Wright, who manages national truckload and regional LTL shipments, estimated that the nine categories of routine tasks he was responsible for consumed about 37 hours of his working week.

In an effort to eliminate time-consuming tasks such as endless telephone calls to dispatchers, the logistics team installed WebDispatch and Dynamic Shipping Marketplace applications supplied by Atlanta-based CarrierPoint Inc. The system, which has been running since January, operates like a private web-based exchange. Loads are posted on the site and the information accessed by designated core carriers. The trucking companies tender for the business and when a bid is accepted the logistics team is automatically notified. "I call it ship-and-click," Wright said.

Ticona specifies what groups of truckers can bid for each load, and there are two basic ways in which loads are accepted. If a particular carrier is preferred in a certain lane, relevant details are sent to that operator. But if the choice of truckers is more open (for example if a busy area like Chicago is in the schedule), the shipment details can be sent to a group of carriers. The aim is to appoint the optimum carrier while maintaining the relationships Ticona has built up with transportation service providers.

"I don't want to spin the wheels of our core carriers. I want it to be a partnership," emphasized Wright.

That message helped convince the trucking companies to become participants. While carriers were cautious about the system initially, said Duras, once they realized that the primary goal was to automate manual tasks and provide more accurate, timely shipment information, they were won over. "I was pleasantly surprised by the response," she said.

As Wright stressed, this is not an auction. "It's not like we are going out on eBay. I am just tendering loads, this is not a bidding process," he said. The purchasing department carries out contract negotiations so the logistics team does not have to bargain over rates. Ticona is paying a basic fee for each shipment until it signs a contract and establishes an annual subscription fee.

Wright estimated that the web-based system saves him eight to 10 hours a week, a significant advance "in the battle I fight to free up time for efficiency," he said. Also, the operational analysis that was required to justify the implementation presented senior management with facts and figures they can easily understand.

A future possibility is to extend the system to manufacturing plants that have to manage outbound product shipments. Beyond that the challenge is how to connect the CarrierPoint system to the company's existing SAP system. An SAP-generated shipping report is published every morning, and being able to automatically exchange information between that report and the web-based load-tendering system would yield more efficiencies. At present relevant shipment details are copied from one system to the other. If the electronic connection is too costly, then CarrierPoint's existing functionality will be used. That involves searching and selecting a repetitive load in the historical shipment data and then using the "copy" function to tender loads.

Duras agreed that connecting the different platforms is a challenge, and not just from a transportation perspective. "We already have customers coming in to our website and placing their orders," she pointed out. She said Ticona already has realized a 5 percent efficiency gain by implementing the web-based tool.

In addition, the logistics team has gained valuable experience in dealing with software solutions vendors. As Duras explained, "These types of e-providers are a whole new ball game" compared with the transportation service providers that her team is familiar with. Just as trucking companies have to earn the right to become preferred core carriers, so vendors of web-based systems will have to "earn primary and secondary positions and be rewarded in the same way that we reward providers on wheels," she said.



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