

# LOGISTICS

## LEADERS **2**

Your essential guide to the best new ideas in logistics

# REACH FOR THE SKY!

Logistics reaches new heights with The Shard

## Take the lead

How to find your own management style

## Seeds of hope

New study-and-earn scheme targets top talent

## Look and learn

Inspirational case studies featuring the best and brightest in their sectors

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# Contents



## 5 EMBRACING THE NEW ERA IN LOGISTICS

Consumers want it all and they want it NOW! In his welcome message, Peter Acton puts down a marker for the new age of logistics: Customer Experience Fulfilment

## 6-8 COVER STORY: THE SHARD

Peter Acton looks at the incredible logistics challenges overcome by the people who built The Shard, the tallest structure in western Europe and a magnificent addition to the London skyline

## 10-11 FRONTING UP

We need leadership like never before, says Richard Hunt, head of the London Ambulance Service. More than that, we need leaders with their own style. Richard offers valuable insight and some winning tips for you to follow

## 12-13 TOMORROW'S TALENT

The Novus Project offers an extraordinary career development opportunity: the chance for young people to study with a guaranteed supply chain job at the end. Find out how industry leaders rate the scheme

## 14-15 TIME TO GO LONG?

The time is right for the introduction of longer vehicles throughout Europe, including the UK, says Peter Surtees of Kimberly-Clark. Does his argument stack up? You decide...

## 16-50 BEST OF BREED

If they're doing something great, something new or even just something simple but with super efficiency, this is where you'll find them! We're proud to showcase the companies who are at the leading edge of the logistics industry. Be inspired!

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# Time to *redefine logistics*

By Peter Acton, Chairman of the Logistics Leaders Network

*“The ‘NOW’ delivery is a complex task and one that has the power to shape the customer experience”*

Every industry and every sector has its own three-letter acronyms. Logistics is not short of them. When I first came into the industry 30 years ago the buzzword was JIT, standing for just in time, which I suppose had replaced JIC (just in case) and for non-deliveries JTL (just too late)!

As supply chain management and logistics developed and facilities began to be integrated or streamlined, the humble warehouse became a distribution centre or decoupling point (DCP). Before long retailers and manufacturers were creating regional distribution centres (RDCs), which in the quest for reduced costs and improved efficiency morphed into the single national distribution centre (NDC).

The supply chains themselves also started to take on fancy names, and we had a period of the development of the lean supply chain which was not simply taking cost out of the supply chain but was, in my view, a JIT-plus solution with technology giving partial visibility of the end-to-end (E2E) supply chain.

Latterly, we have agile supply chains: ones that can adapt to variable demand peaks and ordering patterns. The agile supply chain is here to stay, in support of multi-channel ordering by customers who want products as soon as possible regardless of the distance between them.

And with ‘omni-channel’ being the new super multi-channel ordering opportunity via mobile phone, tablet and other mobile devices, it is the broadband super highway (BSH) that will be making supply chains ever more agile (or is this simply JIT-plus-plus...)

The new ease-of-ordering scene makes logistics mission-critical for businesses. As a friend remarked: Twenty years ago there were millions of PCs linking people together; today, there are billions of mobile phones and technology devices linking the consumer with the products they want delivered N - O - W...Now!

Achieving the nearest thing to a ‘NOW’ delivery is the role of the logistician. It is a complex task and one that has the power to shape the customer experience. But without the sort of dynamic leadership we seek to inspire and hone through the Logistics Leaders Network the NOW delivery will remain just wishful thinking.

Outstanding logistics will enable the customer experience to be met in full, so let’s make CEF – Customer Experience Fulfilment – our new mantra. A new definition of logistics for a new era.



## A NEW WAY TO CLOSE THE GAP IN SUPPLY CHAIN TALENT

There’s a very large shortfall of talented graduates coming into the Logistics and Supply Chain industry. That’s why NOVUS has created a new four-year BSc degree course based within The University of Huddersfield. Graduates will leave armed with all the tools needed for a successful career in logistics, starting with a guaranteed job from one of the course’s sponsors.

For further information please call Andy Kaye on Telephone: 01604 876345



NOVUS

Inspiring Tomorrow’s Supply Chain Professionals



# LOGISTICS RISES TO THE CHALLENGE

**Peter Acton salutes the vision and skills of the people who brought The Shard to life**

Soaring into the London sky, The Shard is the gleaming centrepiece of a major regeneration and development of the once decidedly dowdy London Bridge Quarter.

Renzo Piano's audacious glass-covered tapering spire construction has quickly found its place among the capital's pantheon of iconic structures and succeeds in lifting the imagination if not always the hearts of those who gaze upon it. For the record, this commentator thinks it's to be loved and admired in equal measure.

Completed on time and on budget, The Shard's incredible plot-to-height ratio of 1:32 ft yields a vertical city: 900,000sq ft of office space, residential apartments, a luxury hotel and viewing galleries.

To say the old Southwark Towers site presented a logistical challenge is something of an understatement: cheek by jowl with London Bridge mainline rail station, a bus terminal and Guy's Hospital, and with London Underground's Northern Line running directly underneath.

Anything less than 100% concentration on the detailed logistics could have led to massive penalty charges, delays in construction and a loss of reputation for the company charged with getting it right. The project required sound logistics strategies and some innovative logistics firsts that would save time and cost but, most important, keep the site safe for workers throughout the construction period.

Logistics can mean different things to different people. In an interview with this magazine, Dave Meacop, who masterminded the building of the Olympic Park, said it was about successful project management. At the Logistics Leaders Network Annual Lunch, Malcolm Hannon of Mace Group, The Shard contractor, described logistics as "the money spent on a building that people do not see".

The Shard project was split into three distinct phases: Project management; construction management; and delivery management.

The project management phase was the thinking and planning time when the site was cleared 'intellectually'. It took more than three years to gain all the necessary approvals from the utilities, Network Rail, London Underground, Transport for London and the local authorities. All the private leases also had to be dealt with so the buildings to be demolished were presented with vacant possession.

Part of building The Shard involved re-modelling the concourse of London Bridge station on different levels and the re-positioning of the bus station to give passengers better access and transfer from one mode to another.

Before construction began, a massive demolition job was required to remove the two 1970s tower blocks which would provide the footprint for The Shard itself. Unlike on the

Olympic Park, which had holding areas on the M11 and near Barking to deliver already security-checked vehicles to the site through two entrances and exits, The Shard site had just one access point, in St Thomas' Street.

Key to the successful removal of waste material and introduction of new materials was a web-based delivery management system developed for T5 at Heathrow and refined for London 2012.

One project team had complete control of all material movements on and off the site. They took bookings within a 72-hour window for every vehicle and had ultimate authority to accept or refuse any load. Project marshals called vehicles forward on site on a just-in-time basis. This simple, effective and very practical system was ideal for The Shard project as most of the material was moved in full loads and, unlike at the Olympic Park, there was little need for consolidation.

The material management system was tested to the full when during the construction phase they planned, delivered and implemented the largest single concrete pour ever undertaken in Europe – 5,500 cubic metres of the stuff. This involved hundreds of vehicles arriving in perfect sequence from three separate concrete batching plants over one weekend.

Any breaks in the delivery process would have meant the concrete starting to set and joints in the concrete, which would have been a costly disaster.

TOWERING ACHIEVEMENT: Renzo Piano's Shard is the tallest building in western Europe. Its tapering design posed some serious questions for the contractors - questions that were answered with bold and imaginative solutions





“The biggest threat to completing The Shard on time and on budget was always going to be the unpredictable British weather. Construction had to stop whenever the wind rose above 38 mph”

One of the most innovative features of The Shard was the use of ‘top down’ construction which allowed the sub-structure and superstructure to be worked on simultaneously. This was the first time the method had been attempted on a building of this size.

Commuters, including myself, waiting for the trains at London Bridge could see just how effective the technique was in completing the construction phase. You could often hear the words ‘how did they do that?’ According to Mace’s website, the answer lay in another first for Europe: a jump lift strategy that allowed construction of shafts and installations to continue above an operational lift, eliminating the need for hoists.

The Alimac-designed jump lift acted in the same way as a funicular cliff railway at the seaside; always remaining at a right angle to the tapering building.

The top-down construction method also allowed parts of the building to be made weatherproof early in the construction phase and enabled installations to be fitted in parallel with other operations. This style of construction also allowed for temporary steelworks to be inserted into the structure to hold the building in place.

More innovative techniques were used in the building delivery phase. As much of the building services equipment as possible were

pre-fabricated off site. The equipment could then be fully tested and accredited before delivery, and with a plant room 1,000ft up in the air, it minimised the risk to people being injured during installation. Even the jewel in the crown of the building, the spire, was fully constructed off site - in a field in Yorkshire. The builders recorded the construction process on video in case any problems were encountered on site.

The biggest threat to completing The Shard on time and on budget was always going to be the unpredictable British weather. Construction had to stop whenever the wind rose above 38 mph. A number of forecasting organisations were employed to give as precise a daily weather map as was possible to help give the crane operators the assurance they were safe at all times.

The lessons learned from T5 and London 2012 – the winning blend of innovative logistics, a web-based delivery management system and daily management reports – was undoubtedly critical in the successful delivery of The Shard.

The judges of the *Engineering News Record* Global Project Awards, where Mace took the ultimate prize, said in building The Shard, the company had not only helped to modernise the London skyline, it reinvented the art of high-rise construction. And mega-project logistics will never be the same again, either.

This article was based on the presentation by Malcolm Hannon, Business Unit Director, Mace Group, at the Logistics Leaders Annual Lunch at Mercedes-Benz World, Woking, in May 2013.

### SHARD BY NUMBERS

- At 310m/1,016ft, The Shard is the tallest building in Europe
- Planning permission was granted on November 19, 2003
- Construction started on March 16, 2009
- The building reached its top height on June 19, 2012
- It cost in the region of £500m
- The Shard has 11,000 glass panels
- The area of the glass facade is 602,779sq ft/ 56,000sq m, roughly the area of eight football pitches
- There are 44 lift and 306 flights of stairs
- Total floor space is 31.4 acres
- 95 per cent of the construction materials are recycled.
- There are 72 occupiable floors, and a further 15 levels make up the ‘spire’.

## Scheduled export and import services

### WESTERN EUROPE

Austria	>	DAILY
Belgium	>	DAILY
France	>	DAILY
Germany	>	DAILY
Great Britain	>	DAILY
Holland	>	DAILY
Ireland	>	DAILY
Luxembourg	>	DAILY
N. Ireland	>	DAILY
Switzerland	>	DAILY

### SOUTHERN EUROPE

Andorra	>	TWICE WEEKLY
Italy	>	TWICE WEEKLY
Portugal	>	TWICE WEEKLY
Spain	>	TWICE WEEKLY

### EASTERN EUROPE

Belarus	>	WEEKLY
Bosnia	>	TWICE WEEKLY
Bulgaria	>	WEEKLY
Croatia	>	TWICE WEEKLY
Czech Rep.	>	TWICE WEEKLY
Estonia	>	WEEKLY
Georgia	>	WEEKLY
Hungary	>	TWICE WEEKLY
Latvia	>	WEEKLY
Lithuania	>	WEEKLY
Macedonia	>	TWICE WEEKLY
Montenegro	>	TWICE WEEKLY
Poland	>	TWICE WEEKLY
Romania	>	TWICE WEEKLY
Russia	>	WEEKLY
Serbia	>	TWICE WEEKLY

### EASTERN EUROPE CONTD.

Slovak Rep.	>	TWICE WEEKLY
Slovenia	>	WEEKLY
Turkey	>	WEEKLY
Ukraine	>	TWICE WEEKLY

### SCANDINAVIA

Denmark	>	TWICE WEEKLY
Finland	>	WEEKLY
Norway	>	WEEKLY
Sweden	>	TWICE WEEKLY

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Libya	>	WEEKLY
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# Go your own way

Richard Hunt, Chairman of the London Ambulance Service, offers a simple model to develop an effective leadership style that is unique to you

If you want a book on leadership, log on to Amazon: there you will find no less than 53,000 of them – almost four times as many as were available ten years ago. That's what you call a growth industry.

With such a vast amount of knowledge at our fingertips, you might have thought we'd have been a bit better at it by now. But take a look around you and what do you see: bankers held in contempt; politicians pilloried; a failing finance sector; even religion in an unholy mess.

Where did it all go wrong? Have our leaders lost the ability to connect with people? Have we overdosed on management theory, with its self-serving language of 'processes', 'objectives', 'measurement' and the dreaded 'KPIs'? Perhaps it's all got a little too complicated.

With the global and now almost uncontrollable information platform dominating our daily lives and how we communicate, leadership positions can no longer be taken for granted. The typical period in office of a FTSE 250 chief executive is between two and five years, hardly enough time to establish and embed a culture. There are enormous pressures to deliver results in a very short space of time, sometimes instantaneously. It does make you wonder why any sane person would crave the hot seat.

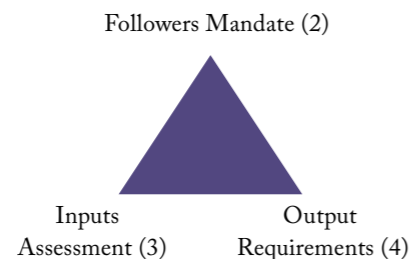
Still, although we want to criticise it, regularly and at times ferociously, we need leadership like never before.

## As simple as 2-3-4

The Leadership Vault 2-3-4 model is a simple framework for developing your own leadership style. It is not intended to

be comprehensive, rather it is a simple and memorable way to shape an analysis of what is needed in any given situation or role.

In essence, the model suggests there are three layers, borrowing from Abraham Maslow's celebrated Hierarchy of Needs, that define some overriding requirements of leadership and the manner in which they relate to each other.



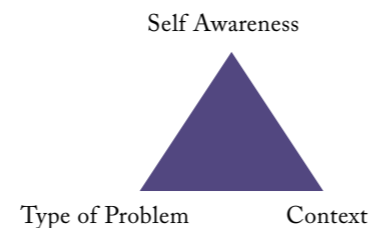
## Followers Mandate

The biggest change in the requirements of leadership is the expectation of followers and the manner in which power has inverted from top to bottom. Power is exercised by followers. They provide the mandate for a leader against an expectation of what needs to be achieved. That mandate is not permanent and it has to be earned. It also has to be renewed if a leader is to remain 'in power'.

The way in which information travels now affects the validity of a mandate. Leaders must have regard as to how they manage this velocity of information.

Followers require two essential characteristics from their leaders. They must provide leadership that is ethical and effective. We want to believe the right things are being done and in the right way whatever our viewpoint.

## Inputs Assessment



Every leader must have a well developed self-awareness. This is about knowing much more than what their strengths and weaknesses are; it is about understanding their own approach and motivation to self improvement and their ability to relate to others with a range of personal and often emotional skills.

However, it must also be about knowing what image they create and what their personal visual manifestation of leadership is. For example, how they use their voice and how they talk to people. It is about creating a leadership charisma that is genuine to them.

All leadership is exercised in the context of our times. This resonates with the power of followers and requires us to operate according to what is acceptable as an approach. The old days of do-as-I-say have gone. Leaders can no longer demand to be followed, rather it is the followers who have to want to be led.

The context is also relevant in terms of the challenge. Is it a challenge to deliver a project or a particular task? Is it a Micro Leadership requirement or is it about leading the whole organisation, hence a Macro Leadership role? The challenges are very different, so too must be the approaches.

The type of problem will have a

significant influence on the leadership style required. Professor Keith Grint says there are three types of problem:

**1. Critical problems.** They need fixing with no time to waste. The solution is known, it just needs rapid and effective implementation. This requires a Command Leadership style most obvious on the battlefield. However, this is not appropriate for every situation.

**2. Tame problems.** Such a problem may be complicated and similar to a puzzle. It may have occurred before and will be resolvable. There is a solution and with this challenge it is the leader's task to provide the appropriate yet sometimes tricky process to resolve the problem. It may take time to get done and be difficult but it will be resolved. Such problems may require a 'Scientific' or 'Expert' leader style and this requires appropriate knowledge and experience. It is mostly characterised as traditional management.

**3. Wicked problems.** No solution to them really exists. Ingenuity is required to tackle them. A wicked problem is complex rather than just complicated. What wicked problems require is a collaborative approach to bring all interested parties together to work out and trial potential solutions. There is a need for the right questions to be asked and nothing assumed about an answer. There is no right answer hence it is not the leader's role to provide the answer, it is their role to facilitate questioning and to build a process that works away at the problem bit by bit. Essentially, it is to provide the leadership for creating potential yet clumsy and imperfect solutions.

Understanding the type of the problem is crucial in order to adopt an appropriate management style.

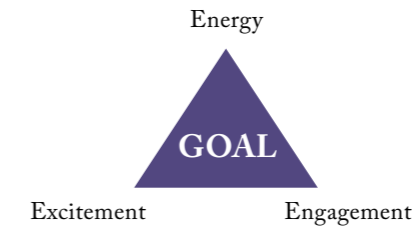
## Outputs and Requirements

The (4) layer in our model relates to what the leader needs to provide and achieve. It starts with being absolutely clear about the goal. And this is relevant for both micro and macro leadership tasks. It harks back to the followers' requirement for effectiveness: Achieving something important and being clear about it. Getting it done.

## Goal

Execution rather than strategy is the issue here. Successful businesses must out-execute their competition. This is the hard part as it involves people and hence

leadership. A really clear and well thought-through goal is required.



## Engagement

Successful organisations and projects quote engagement of their whole team as key reasons for success. Involving everyone, drawing on the collective skill-set and harnessing their underlying commitment to their role and their company are attractive characteristics. Yet many individuals are aware they do not realise their full potential at work. This is a truly wasted opportunity. It is therefore an essential requirement of effective leadership to draw on colleagues' full potential and create an environment where people at work feel more fulfilled. Leaders must harness and not waste resource.

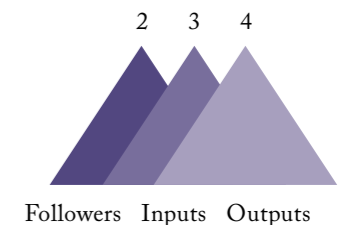
This is more likely to be achieved when the leader behaves with a level of enthusiasm which sets a benchmark for the team. It is about getting things done. This requires drive and the setting of a tone and style for the organisation. A case of leadership by example.

## Energy and Excitement

Energy can be infectious and is a possible component in creating an exciting environment in which to work. We should all think about what excitement in our own environment means and be proactive about creating it. It should be exciting to achieve the goal or the milestones along the way.

Success should be recognised and rewarded through appropriate acknowledgement. Excitement comes from achievement and a recognition that comes with it. It is the leader's job to develop the foundations to generate such an approach.

Steady yet dull won't get as many things done. And there will be plenty who feel unfulfilled and turn to criticism. Eventually they will withdraw their own follower's mandate.



*The Leadership Vault Workshop Programme is held at St Paul's Cathedral in London. It relates leadership stories that inspire in locations that bring them to life.*



Richard Hunt says today's leaders must contend with potential information overload and strive to keep things simple

# Just the job!

NOVUS is the exciting new programme to inspire tomorrow's supply chain professionals, with guaranteed employment at the end

The latin word 'novus' has the meaning 'new, fresh, young, unusual, or extraordinary'.

All are perfect words to describe the new scheme from the NOVUS Trust, designed to inspire the next generation of supply chain professionals. In fact, the programme is not just new and unusual, it is unique and offers an extraordinary opportunity for young people to study and then develop a career in the fast-moving logistics and supply chain industry, and for business to attract fresh talent.

The NOVUS scheme has been developed in partnership with the University of Huddersfield (see pages 22/23) and is supported by prominent retailers, manufacturers and logistics organisations. The NOVUS Trust, set up and run by industry, has been established as a charitable trust within the Chartered Institute of Logistics & Transport.

"It's about attracting and developing the future leaders this industry needs," explained Andy Kaye, chair of the NOVUS Trust and the architect of the scheme. "Too often, high calibre young people choose to study other subjects, unaware of the excellent career prospects that our industry offers. The students will benefit, and companies in the scheme will have a new pipeline of talent equipped with the knowledge and skills necessary to succeed."

NOVUS is backed by more than 20 leading companies including Sainsbury's, DHL, BIS Henderson, Premier Foods, United Biscuits, Dixons, B&Q, ASOS, Hoyer, Network Rail, Travis Perkins, Lafarge-Tarmac, Cummins, Arla Foods, Clipper, Hermes, Smiths News, Brakes, Unipart Logistics, Lloyd Fraser, Palletways and Wincanton.

#### Guaranteed Graduate Employment

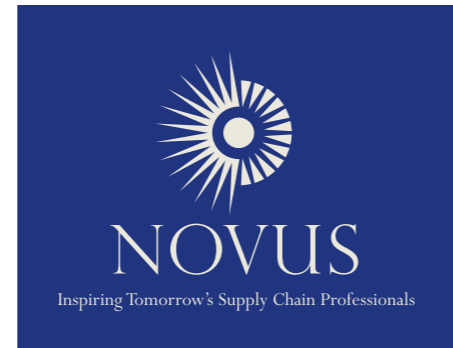
Students will study a four-year 'sandwich' degree, BSc (Hons) in Logistics & Supply Chain

Management, at Huddersfield, a University that has prospered in recent years, growing in reputation and league table performance as a result of high student satisfaction, teaching excellence and employability ratings. To attract the best, the scheme offers a unique range of benefits to prospective students, including guaranteed graduate employment with one of the supporting companies on successful completion of the degree programme.

"The NOVUS course has been developed through consultation with industry partners, building on Huddersfield's long experience in the subject," said David Leach, a senior lecturer in Supply Chain Management at Huddersfield and programme manager for the NOVUS scheme. "Together, we have constructed a programme that will be attractive to students and will develop the professional skills and competencies specifically required by employers in this field".

#### How the NOVUS Scheme Works:

The degree course will be funded by student fees, financed through the student loan system in the usual way. In addition, the NOVUS Trust and its sponsoring companies will provide a



range of valuable benefits and opportunities. During the course, students will have a company mentor, participate in industry-led seminars and site visits, study for additional professional qualifications, as well as enjoying paid vacation and sandwich year placements with leading employers.

Most important, the NOVUS Trust will guarantee an offer of graduate employment with one of the supporting companies on successful completion of the programme. To qualify for the guarantee, students will need to graduate with a 2.1 degree, gain additional professional qualifications and achieve satisfactory references from the company mentor and the personal tutor at the University.

The course will be selective – applicants will need to achieve a minimum of ABB at 'A' Level and will need to be successful at assessment centres facilitated by the sponsoring companies.

#### Programme Content

Students will learn how leading companies organise and manage the planning, sourcing, manufacturing and physical logistics of their supply chains to ensure business success, gaining

unique insights into operational and strategic supply chain theory and practice.

In the first year, students develop an in-depth understanding of business and the business environment. There will be a focus on developing professional and academic skills and exploration of the role of logistics and supply chain management in business success.

Through the second year curriculum, students will gain a detailed understanding of the key elements of the supply chain, along with the importance of integrating these activities. Analytical and project management skills will be refined and students will learn how companies embed quality into their products and services. There will be a focus on people management skills and extended understanding of how effective human resource management contributes to business performance.

The third year will be spent on placement in a salaried position with a leading NOVUS employer, gaining experience in the workplace in a role within the supply chain.

On return to the University in the final year there will be a focus on global, strategic and advanced aspects of logistics and supply chain management and students will learn, from industry leaders, how to develop effective leadership skills. There will be a major industry-based project, investigating a current issue or challenge affecting business performance.

*“ This is good for UK plc. It is a unique example of an industry coming together and is a model that will surely be followed by others ”*

In addition to the university degree course, students will study for additional professional qualifications. These will include relevant qualifications, such as a Computer Driving Licence, Prince 2, a Certificate of Professional Competence in Transport Management as well as Health and Safety qualifications.

#### Benefits for Sponsor Companies

It is not just the students that will benefit. Attracting additional high calibre young people will be good for the industry as a whole. Compared to the alternative option of employing unknown graduates from other disciplines, the NOVUS scheme offers significant advantages. Companies involved in the scheme will be able to engage with future employees much earlier and help shape their development. The curriculum has been designed to give students an excellent understanding of supply chain theory and

practice and to develop the specific technical and professional competencies required. As a result, graduates will be able to make a much earlier contribution than at present, reducing the 'time to value', easing graduate scheme investment requirements and improving retention rates.

"This is good for my business but it is also good for UK plc," said Chris Kingshott, Managing Director of the Manufacturing Division of Wincanton and a founder member of the scheme. "It is a unique example of an industry coming together to develop future talent and is a model that will surely be followed by other industries."

**For more information visit [www.novus.uk.com](http://www.novus.uk.com) or contact Andy Kaye directly [andy.kaye@bis-henderson.com](mailto:andy.kaye@bis-henderson.com)**

*“ Together, we have constructed a programme that will be attractive to students and will develop the professional skills and competencies specifically required by employers in this field ”*



# Time to take the long view

There are powerful economic and environmental arguments for larger vehicles, says Peter Surtees, European Supply Chain Director of Kimberly-Clark

The trialling of longer semi-trailers in the UK has been a positive step forward, helping shippers lower transport costs and improve their environmental performance.

The trial allows the use of articulated vehicles 2.05m longer than the previous maximum (16.5m), increasing the carrying capacity of a vehicle by up to 15% at minimal additional operating cost. But why stop there? In other parts of Europe, Africa, Australia and North America, vehicles that are much longer and heavier than these are in common use.

The Dutch Government held a 10-year trial to test whether the use of longer and heavier vehicles in the Netherlands would be beneficial. After careful consideration, vehicles operating at 25.25m and 60 tonnes gross vehicle weight were approved for permanent use, bringing the Netherlands in to line with Sweden and Finland where similar vehicles have been allowed since the 1970s. But if it works in the Netherlands, would it work in the UK?

The argument in favour of larger vehicles is simple: A larger vehicle is more expensive to own and operate than its smaller counterpart but the capacity increases by a greater proportion so the cost to transport each unit of freight falls - straightforward economies of scale. Similarly, a large

vehicle uses more fuel than a small vehicle but, again, the capacity increases by more than the fuel consumption and this leads to an overall reduction in fuel use - and lower total emissions.

Opponents argue that longer and/or heavier vehicles would simply be too big to operate on the UK road network, would cause damage to infrastructure and would be detrimental to road safety. It is also suggested that freight would move from rail to road as a result of lower road haulage costs and that this would have a detrimental environmental impact.

Undoubtedly there are differences in geography and the road network between the Netherlands and the UK but similarities in that both countries have densely populated areas and highly congested road networks.

In the Netherlands, longer vehicles are allowed to operate at a lower level of manoeuvrability than that required for standard fleet - but the tight constraints of the UK network would make this impractical. A better solution is to incorporate additional steering axles in to the vehicle design, enabling the rear of the vehicle to track the path of the front of the vehicle and operate to the same manoeuvrability standards as a conventional vehicle.

Would longer or heavier vehicles damage our roads? This depends on the number of axles relative to the gross weight as it is the weight transmitted through each axle that affects road wear and tear. Longer vehicles at the current maximum gross weight would spread that weight over additional axles, reducing wear and tear. A vehicle at 60 tonnes with eight axles would transmit less weight per axle to the road surface than 40 tonnes on five axles.

And would they be safe? Inevitably, there would be some areas of safety risk that increase as the vehicle length and weight increase. However, other major safety risk categories remain unchanged by weight or length. A vehicle at 25.25m has at least 50% more carrying capacity than a standard vehicle at 16.5m but accident risk (even after considering severity) would not increase by half.

Economies of scale mean the risk per unit of freight does not increase. Government reports in countries trialling or using longer or heavier vehicles generally conclude that the safety impact is at worst neutral or may even be positive.

The rail freight lobby argue that longer and heavier vehicles would attract freight from rail to road as road transport becomes more competitive. This is desirable from an economic perspective as shippers' costs

are lowered, but if true, would cause an increase in the emissions associated with transferring freight that could erode the environmental benefit of larger vehicles.

The majority of rail freight consists of heavy commodities that are too dense to be carried economically by road and are therefore not at risk of modal shift. Long distance rail freight would also retain an advantage. The best way of managing the remaining risk is for the rail industry to focus on improving its competitive position (longer trains perhaps?) rather than taking a protectionist stance and campaigning to deny British industry the opportunity to become more competitive.

'But no', say the naysayers, 'current large vehicles run around empty. If we allow even bigger vehicles, the problem will be worse'. This argument lacks credibility. The simple arithmetic is such that hauliers will invest in larger capacity only if they are able to use it to achieve a return. Further, many larger vehicles are designed to be divisible: if the full capacity is not needed, part of the vehicle is left at base; if it is needed, the full vehicle is used and the cost and emissions of a second journey are avoided.

To conclude, the use of larger vehicles in the UK would reduce costs and reduce harmful emissions without damaging road safety. There would inevitably be

some practical difficulties but these can be addressed through intelligent implementation and regulation, for example restricting usage in urban areas. For full load transport of large quantities of goods they would be highly advantageous.

It is a cause of frustration for shippers that standards vary between European countries and that the obvious benefits of larger vehicles are not available in the UK.

There is growing momentum for the use of larger vehicles in other countries. It is time for the UK authorities to 'take the long view' and trial larger vehicle configurations.

“The majority of rail freight consists of heavy commodities that are too dense to be carried economically by road and are therefore not at risk of modal shift”



“Economies of scale mean the risk per unit of freight does not increase. Government reports in countries trialling or using longer or heavier vehicles generally conclude that the safety impact is at worst neutral or may even be positive”



# Backbone of business

Logistics and warehousing are critical components of a successful economy, says global real estate consultancy Jones Lang LaSalle

Logistics is hugely important to the UK and world economy. The Freight Transport Association estimates the logistics sector directly employs around 1.5 million people in the UK, while supporting a wide range of jobs in other sectors.

In many respects, logistics is the backbone of the economy, supporting the efficient, cost-effective flow of goods on which other sectors depend.

Similarly, such is the importance of logistics in promoting world trade and economic growth that every two years the World Bank produces a global Logistics Performance Index, covering more than 150 countries.

In the UK it is no coincidence that key political figures including Prime Minister David Cameron and Mayor of London Boris Johnson have both given speeches at the new major logistics park development at London Gateway, reinforcing the importance of the logistics sector within the UK economy.

For individual businesses, logistics is a key source of differentiation and competitive advantage. Efficient logistics management is a way of driving down costs, maximising product availability and improving customer service, both clearly critical concerns for manufacturing companies and retailers in the ever more competitive environments in which they operate. In the retail sector, for example, logistics support on-shelf availability, competitive pricing and it is fundamental to the growth of online and multi-channel strategies, which for many retailers offer the strongest source of growth.

Logistics is also a critical component of sustainable development. Around one-fifth of UK greenhouse gas emissions are derived from transport and about 20% of these are

attributable to HGVs. So efficient logistics, which may result in higher vehicle utilisation or reduced mileage, for example, has an important part to play in helping the UK reach the targets set out in the Climate Change Act – to reduce emissions by 34% by 2020 and by 80% by 2050, based on 1990 levels.

There are many components to an efficient logistics infrastructure, including IT, transport, people and facilities. As international real estate consultants, the focus of Jones Lang LaSalle is on the last of these – the real estate infrastructure, which is an essential pillar.

As logistics has developed and evolved so has the role and function of warehouses, leading to new types of buildings and location dynamics.

Over the past 20 years or so the role of warehouses has shifted away from stock holding toward distribution, in which rapid throughput is key. Stock holding remains important and it is still the principal function of many National and Regional Distribution Centres, but these increasingly also fulfil a wider range of functions.

For example, we have seen significant growth in cross-docking warehouses, where goods are delivered into the warehouses but quickly processed for dispatch without necessarily being put into storage. This is quite typical of many perishable products in grocery retail for example.

The growth of online retail is stimulating demand for sortation centres, where parcels are delivered and sorted by postcode for onward distribution to a local parcel hub for final delivery to the end customer's home of designated collection point. Sortation centres and local parcel hubs are often quite different

from standard storage facilities, being relatively long and thin in shape, and characterised by relatively low density site coverage, and a large number of doors to facilitate throughput.

Online retail has also increased the need to handle reverse flows, in this case returned items that customers decide they no longer want. In some parts of online retail, such as fashion, the rate of returns can be 30% or more, and some retailers have dedicated facilities to process these reverse flows. Managing this returns process is very important. Some retailers are so good at doing this that returned items have a lower rate of return on resale than 'virgin' items.

As these examples illustrate, warehousing is a critical part of a business's logistics infrastructure. However, within the UK, businesses now have a much diminished level of choice in terms of readily available good quality warehouses.

In the first six months of 2013 available Grade A floor space dropped a further 13% and at mid-2013 the immediate availability of new space was 76% below its pre-recession peak. The overall level of availability represented a national vacancy rate of around 9% compared with our estimates of the total Grade A stock.

This lower level of choice reflects the take-up of space over recent years and the fact that, with one exception, there has not been, until now, any speculative development in this market (large units of 100,000 sq ft and over) since 2008. However, some speculative development in strategic locations has now started, and we do expect further new speculative development to commence in 2014.

With very little speculative stock available,

the market is dominated by 'built to suit' facilities and hence landowners and developers that are able to provide well located sites with good connections to key transport infrastructure are well positioned to attract businesses. One example is DP World's London Gateway development which combines a new port and logistics park.

Marks & Spencer has announced it will build a new 900,000sq ft distribution centre at the London Gateway Logistics Park. Other examples include DIRFT II strategic rail freight interchange site, where Prologis has agreed to build a one million sq ft warehouse for Sainsbury's, and Magna Park

Milton Keynes, where Gazeley has begun construction of a new 670,000sq ft warehouse for John Lewis.

Looking forward, businesses will continue to require warehouses to support a wide range of logistics functions. As a result, we are confident the future of warehousing in the UK, and beyond, is a bright one.

Whether you are a corporate occupier, or a developer or owner of warehousing, Jones Lang LaSalle can help you maximise the performance and value of your warehouse real estate.

Contact Michael Alderton on  
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*“Over the past 20 years or so the role of warehouses has shifted away from stock holding toward distribution, in which rapid throughput is the key”*

## FACT FILE

- Jones Lang LaSalle is a financial and professional services firm specialising in real estate services and investment management, with a network incorporating 70 countries
- The UK Industrial & Logistics team is the largest and most experienced in the UK with more than 100 dedicated specialists, including 46 sales and letting experts based in 15 offices
- The team has dedicated sector and market specialists covering all areas from trade counters, roadside and self-storage, to traditional industrial estates, logistics parks, airports and sea port logistics property
- Jones Lang LaSalle provides expertise and smart solutions within this dynamic sector to developers, occupiers and investors in logistics real estates, enabling clients to make informed decisions.

Retail giant John Lewis is building a 670,000sq ft warehouse at Magna Park, Milton Keynes, which has excellent connections to key transport infrastructure





## LOGISTICS FOR MANUFACTURERS

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# Long train *running*

Railfreight expert GEFCO is at the leading edge of a green logistics revolution

Do you ever sit in your car at a railroad crossing, waiting for a freight train that never seems to end pass by? At these times, when you're running late for work, do you ever stop and think, why exactly rail freight is so important?

Rail freight is vital, not only for our economic prosperity but for producers, consumers, importers and exporters and, arguably most important, for our environment.

In Europe, the railways are beginning to boom. After years of decline, rail freight transport is experiencing a renaissance throughout the continent.

Rail freight has an essential role to play in the low carbon economy as rail transport produces 70% less carbon dioxide emissions than the equivalent road journey. What's more, a gallon of diesel will carry one tonne of freight 246 miles by rail as opposed to a mere 88 miles by road.

Whether it's taking lorries off the roads and drastically reducing congestion or providing a faster, greener, safer and a more efficient way of transporting goods, rail freight is a success story.

As one of the foremost logistics providers in Europe, GEFCO is leading the field in rail freight. As a company it is committed to developing innovative, efficient, multimodal solutions that encompass rail in order to optimise supply chain flows in terms of cost, time and environmental impact. GEFCO now transports 20% of finished vehicles by rail, a figure which is continuing to grow year on year.

Now majority owned by Russian Railways (RZD), GEFCO is taking advantage of the strengths of its new shareholder. Part of its

strategy is to further develop its rail transport offering, implementing some of the biggest rail projects in Europe.

GEFCO's first flagship European rail project involves the logistics planning and daily deliveries of part-assembled (SKD or Semi Knocked-Down) vehicles from France right through to the Russian site in Kaluga, near Moscow where vehicle assembly is completed.

Organising a flow such as this required collaboration from many players across Europe including GEFCO staff and their key partners. GEFCO, as an integrator and a specialist in automotive logistics, has engineered the solution by working closely with Captrain Deutschland, a German subsidiary of the SNCF and the main player in rail links between France and the Poland/Belarus border.

The final leg is operated by RZD Transcontainer, which takes over at the border for the remainder of the journey to Kaluga. All three companies have spent months preparing and implementing one of the largest multimodal projects in Europe today.

This innovative rail flow through five countries has mobilised synergies between French, German, Polish, Belarusian and Russian operators on a 6,000km round trip, using 400 wagons and 1,200 dedicated containers.

The Vesoul-Kaluga rail link has taken nearly 600 trucks off the roads each year between France and Russia, cutting CO<sup>2</sup> emissions considerably and shortening the journey time from eight to five days. The route is proving extremely successful and demand remains consistently high with five return block train journeys week after week.

This is an exceptional logistical undertaking and a true example of successful co-operation throughout the supply chain. By sticking to a rigorous schedule and targeted deliverables, all parties involved have successfully overcome challenges to develop a project of this scale in Europe.

Key to the success of this undertaking has been the determining and reserving of fixed rail slots, and preparing a single rail transport document to reduce administrative and customs processing time and accelerate container trans-shipments in both directions.

Following the successful launch of this project, GEFCO continues to work with partners to develop its multimodal transport services, such as the Madrid-Paris link for Unilever. Its renowned expertise and knowhow in combined transport make it an essential player in this future-looking sector.

Other live projects for GEFCO include an impressive solution linking Europe with Asia, using the Port of Riga as an entry point into a rail network that stretches throughout the Baltic States, Russia, former CIS countries and Kazakhstan into China and even Afghanistan.

Additionally, GEFCO has developed a link between Koper in Slovenia and Russia, via Dobra in Slovakia, another link from the Baltic ports to Central Asia, and another between Germany and Turkey.

With the emergence of the new 'green logistics' paradigm, rail is becoming a favoured transport mode for freight. So perhaps next time you're stopped on that level crossing and the freight train is rumbling past, turn off the engine, sit back and reflect on the benefit to our fragile environment.

### To Russia With Love

To understand the scale of the operation it is important to retrace the train's route along its journey.

- This begins with the transport of 144 Peugeot 308 and Citroen C4 models from Sochaux and Mulhouse and 60 vehicles from Zeebrugge into Vesoul in eastern France for disassembling.
- At Vesoul the rail journey begins with containers being loaded at the French Naviland Cargo Terminal near the PSA Peugeot Citroën factory.
- The train then heads to Brest/Malaczewice, on the frontier between Poland and Belarus, where the cargo is trans-shipped on to Russian rail wagons.

- On the fifth day, the 44-container train arrives at the Kaluga production site for assembly.
- GEFCO's Sausheim platform will also supply the production site with Completely Knocked Down (CKD) parts from other PSA Group sites, together with parts from European and Russian suppliers.
- These delivered components are then put together on the assembly line.
- The final part of the supply chain involves transport of the finished vehicles from Kaluga to GEFCO's car compound in Bykovo, Russia where they are given a final quality check before being distributed to dealers throughout Russia.

*“The Vesoul-Kaluga rail link has taken nearly 600 trucks off the roads each year between France and Russia, cutting CO<sup>2</sup> emissions considerably and shortening the journey time from eight to five days”*





## DEVELOPMENT LOGISTICS

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# Transport *for life*

Transaid projects bring hope to some of the poorest countries on earth

Two-thirds of Africa's rural population – that's about 300 million people – do not have reliable access to an all-weather road, according to the World Bank. Consequently, most are locked into subsistence living.

The plain truth for many of the poorest people across Africa and the developing world is that access to transport is either poor or non-existent. It is a particular concern in relation to healthcare, livelihoods and road safety.

The Millennium Development Goals were to halve world poverty by 2015. Those goals were reliant on transport to make them reality yet there was no goal to address and improve transport itself.

Transaid, an international development charity, has taken up the challenge to raise awareness in the UK and overseas of the transport issues blighting the developing world.

Transaid's roots go back to the late 1980s when it was involved in projects and

programmes run by Save the Children. Volunteers from the UK's Chartered Institute of Logistics and Transport (CILT) and Transaid joined forces on a wide range of humanitarian and development projects.

The work became increasingly specialised and in 1998 Transaid was launched as an independent non-governmental organisation (NGO), focusing on the sharing of transport skills and knowledge for sustainable development. Its mission is to identify, champion, implement and share local transport solutions which improve access to basic services and economic opportunity for poor people in developing countries

Transaid advocates and tackles transport-related issues from the grassroots to the policy level. Since its inception the organisation has been strongly supported by the European transport and logistics industry. Its members include high-profile companies such as Bandvulc Tyres, Bibby Distribution, Cardinal Maritime, DAF

Trucks, DHL Supply Chain, Go-Ahead, Hankook Tyre, Hoyer, Iveco, ITP, Jaguar Land Rover, MAN Truck & Bus, Michelin, National Express, Norbert Dentressangle, Stagecoach Bus, Volvo Trucks and Wincanton.

Transaid partners with organisations in the public and private sectors to build capability and facilitate the exchange of skills and knowledge. This collaborative approach enables Transaid to provide innovative solutions to some of the key challenges facing transport and development today.

Today, Transaid has 17 active projects with teams working in Ethiopia, Ghana, Madagascar, Malawi, Nigeria, Rwanda, Tanzania, Uganda and Zambia. It focuses on three core areas: transport management, community-managed transport and professional driver training.

In the past few years Transaid has introduced many innovative and community-led local transport initiatives



such as bicycle ambulances in Zambia and Malawi and the volunteer taxi drivers scheme in Nigeria, projects which have undoubtedly saved lives.

These and other ground-breaking projects are helping to combat high child and maternal mortality rates in some of the most inaccessible areas in countries like Madagascar, Zambia and Nigeria. In Zambia alone more than 2,000 patients have been transported to health facilities since 2008, and in many cases those interventions have been considered life-saving.

In Africa there is a chronic shortage of skilled bus and truck drivers. Transaid has established professional driver training projects in Zambia and Tanzania. In Zambia, the government has incorporated the training centre's standards into a national framework, and the centre is successfully working to achieve self sustainability.

In Tanzania, the project focuses on improving bus driver skills. To date, 18 bus driver trainers have been put in position and the training programme has been approved by public and private sector interest groups.

Professional Driver Training project is an excellent example of what Transaid is all about: identifying a need which Transaid has the expertise to fulfil, co-operating with its partners and investing its own resources to make a real difference.

In February 2012, the World Bank recognised everything Transaid has achieved for road safety interest by providing a grant to look at driver training and other road safety issues along the African Central Corridor which runs from Tanzania into Burundi, Rwanda, Uganda and the Congo. Securing the grant was an achievement that proves that Transaid's mission of 'Transport for Life' is as relevant today as it ever was.

## FACT FILE

- Transaid is an international development charity and in 2013 celebrates its 15th anniversary as an independent charity.
- It was founded by the Chartered Institute of Transport (now CILT) and Save the Children and its patron is HRH The Princess Royal.
- Transaid seeks a world where transport contributes fully to a better quality of life and is accessible to all, in Africa and across the developing world.
- Transaid is supported by the UK's transport and logistics industry which offers financial and in-kind support.
- Transaid is an interface between transport and international development initiatives.
- Relevant transport solutions are particularly important in relation to road safety, access to healthcare and livelihoods.
- Transaid focuses on three key areas in its work: transport management systems (TMS), community-managed transport and professional driver training.
- Transaid has worked in Afghanistan, Bangladesh, Burundi, Cote D'Ivoire, Democratic Republic of the Congo, Ethiopia, Ghana, Kenya, Madagascar, Malawi, Mozambique, Namibia, Nigeria, Pakistan, Rwanda, Senegal, Sierra Leone, Somalia, South Africa, Sri Lanka, Swaziland, Tanzania, Uganda, Zambia and Zimbabwe.

“Transaid has taken up the challenge to raise awareness in the UK and overseas of the transport issues blighting the developing world”



Opposite page, from left: an Eranger in Zambia; driver-training recruits in Tanzania; an immunization health worker does the rounds in Nigeria. This page: a bicycle ambulance in Zambia and hovercraft distributing medicine in Madagascar



## FASHION LOGISTICS

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# Putting on the *style*

Hard work and innovation are always in vogue at fashion logistics leader Clipper

**T**alk about careers in supply chain to your average student of secondary school age and more often than not you will be greeted with a blank reaction. Whether that's because of a lack of understanding or interest is open for debate.

But there is every reason for students to open their minds toward a career in the logistics industry and gear their studies accordingly.

And if you have the right ability and attitude, more so than the right education, you'll find it worth talking to Clipper, a visionary company that offers plenty of opportunity for people who like to work hard and who enjoy a challenge.

Clipper, set up only 20 years ago, has taken its business beyond the traditionally recognised logistics model of 'trucks and sheds'. Today, we are a leader in the online fashion and general merchandise sectors,

with an annual turnover in excess of £200 million.

Clipper loves the British High Street, and contrary to popular opinion, we firmly believe it's alive and kicking. Take a look at our home city of Leeds where a major new shopping centre that opened in spring 2013 is expected to raise the city from seventh to fourth in the list of UK retail destinations.

Elsewhere in the city, developer Hammerson has acquired the high-end Victoria Quarter and has submitted plans for land close by on which it plans to build The Eastgate Quarter. The first phase is set to comprise of up to 30 retail units, half a dozen restaurants and an anchor John Lewis store.

Most forward thinking retailers have recognised the importance of diversity and that each element can compliment the other. The principle of being able to buy what you want from where you want and at

a time to suit you, and then have the goods ready for collection in a place and time that is convenient to you, has created significant challenges and opportunities.

Whether the latest idea involves touchscreen ordering or click-and-collect, the emphasis remains on the service proposition, or getting the customer experience right. The growth of online retailing has highlighted the need for accuracy, efficiency and a quality service, hallmarks of a world-class logistics solutions.

The warehouse team member and delivery driver have become the physical points of contact for the end customer, which has thrust logistics centre stage in many organisations.

John Lewis is an excellent case in point. As a business built on service, quality and a great customer experience, the retailer needed to match its fulfilment operation



to these same core values and approached Clipper. By working in close partnership with the John Lewis team, the brand's online fashion business has gone from strength to strength, with the solution worthy of a company that is consistently ranked among the most popular online retailers.

Clipper also handles the returns facility, which includes processing all fashion returns, received back via the Royal Mail, other courier services and direct from John Lewis stores.

The growth of volumes online creates challenges. In the month of December 2012, from just the main Clipper fulfilment centres, close to four million individual units of stock (clothing, electrical goods, toys, washing machines and so on) were processed and delivered to customers via home delivery carriers. The need for speed and accuracy is obvious, with social media offering a platform for immediate negative comment if anything goes wrong.

Clipper is universally recognised for innovative solutions. Our operation to supply multiple stores on London's Regent Street from our Enfield consolidation centre won the Retail Week Green Supply Chain of the Year Award. Innovation is an important part of our business, which is why we place such an emphasis on people and career development.

Richard Ball has seen the industry develop during his 13 years with Clipper. Starting as a transport assistant in the head office, Richard

worked his way through the ranks and now holds the position of Head of Transport Operations, the main point of contact for all transport-related matters within the group and in charge of a large team across the network of UK operational sites.

"In the logistics industry, you have to be prepared to work hard and have a willingness to take on new challenges," says Richard. "Logistics is not an easy career, and it can certainly be frustrating at times, but if you enjoy a challenge and can think on your feet, this is certainly the industry for you."

Clipper's mantra 'agility matched by ability' is more than a marketing soundbite, it is a statement of intent to suppliers, partners and staff. Retail, perhaps uniquely, is subject to an almost constant barrage of challenges, from predicting seasonal fashions to dealing with unexpected weather events. We are quite unapologetic about the fact that working for Clipper keeps our people on their toes. "So long as you maintain a 'can do' attitude, there are countless opportunities for career progression," says Richard.

"In terms of getting into the industry, academic qualifications can help but they're not the be all and end all. I studied to be an accountant and almost fell into the logistics sector by accident. I discovered that, actually, it was interesting and varied. The rest, as they say, is history. If I had my time again would I choose a different path? Probably not.

"Logistics is a field where knowledge and experience counts for a lot. What this

does is provide a natural environment for progression."

Clipper chairman Steve Parkin is an example of this. "From day one, we aimed to do things differently, challenge the old order and provide our customers with a real alternative," he says. Managing Director Tony Mannix believes it is the willingness to challenge the status quo and embrace change that has made Clipper first choice for a number of retailers and helped the company develop invaluable expertise.

### FACT FILE

- Clipper began life as Clipper Logistics Limited in 1992 with a team of just three people and a single driver. Today the company is one of the UK's leading independent logistics companies with a turnover in excess of £200 million

- Specialising in pan-European retail and high value logistics, Clipper Group has unrivalled fashion and general merchandise logistics expertise including retail store logistics, e-fulfilment, port deconsolidation, pre-retail, consolidation centres, high secure and bonded operations

- Network of 32 sites, (incl. 5 in Germany) with over 5 million sq ft of warehousing space

- Clipper operates a fleet of more than 400 vehicles

- Clipper has a workforce of more than 3,000 people.

*“So long as you maintain a ‘can do’ attitude, there are countless opportunities for career progression”*



# Hooray for Huddersfield

Business School is a magnet for bright young things looking to make their way in the world of transport and logistics

The University of Huddersfield's Department of Transport and Logistics is celebrating more than 25 years experience as the first university in the UK to provide an undergraduate degree in transport and logistics.

Transport and Logistics is now one of the five departments that make up the Huddersfield University's growing Business School, having moved into the prestigious new £17m business school building in 2012, located in the heart of the town centre campus.

"The new Business School is creating an exciting place in which to learn and work," said Professor Colin Bamford, Associate Dean, School of Transport & Logistics and Hospitality Management. "We believe these new facilities will help us to build on our

success of attracting bright undergraduates who want to pursue a career in transport and logistics and help us to continue to deliver an inspirational learning experience for our students who now come from more than 100 countries."

The Department of Transport and Logistics also enjoys the largest specialist team of teaching staff dedicated to undergraduate teaching of transport and logistics in the UK, with most arriving with industrial experience.

Many of the 1,000 graduates so far are already holding down senior supply chain management and logistics jobs across most sectors. Prof Bamford is also very proud of Huddersfield's achievement of being chosen as The Times Higher Education Supplement's Entrepreneurial University of



the Year in 2012 as placements have played an important part of the Huddersfield University transport and logistics undergraduate experience since the outset 25 years ago.

In fact, 90% of the students choosing a course in transport and logistics at Huddersfield elect to go on a placement year as part of the course. This gives students an invaluable insight into how logistics works in practice and makes them more knowledgeable and, ultimately, more employable. In fact, Huddersfield has been voted in the Top 10 universities in the UK for positive placements.

Sam Fagan is an excellent example of a student attracted to Huddersfield. He left his sixth form studies not knowing whether to go straight into becoming the sixth generation in the family firm of Fagan and

Whalley, based in Padiham, near Burnley or whether to continue into higher education. Sam was keen to develop his personal learning and gain a wider knowledge of the industry in which he had grown up.

Sam says he was also taken with the "general buzz" around the university when he visited, the investment in the campus and the opportunity to live in a "cosy" town environment within a short train ride to Manchester and Leeds.

But what appealed most to Sam was the ability to investigate and learn a range of business techniques applicable to the modern logistics world and choose a pathway or specialist area knowing that with his third year placement he could put into practice the theory he had learnt in the first two years. The placement also provided Sam with a solid foundation for his final year project. Sam also praises the wide range of experiences and educational visits built into the undergraduate degree course throughout the four years, including a trip to the Port of Rotterdam. The introduction to professional bodies such as the Chartered Institute of Logistics and Transport allowed him to network with existing industry professionals. All in all, he felt the four years were a "great experience".

Sam was also successful in the course, having been second year student of the year, CILT North West Student of The Year 2011, winner of the CILT Annual Dissertation of the Year 2013, and a first class honours to boot!

Following his graduation Sam has got well and truly stuck in the operational side of the family firm. He was initially responsible for the routing and scheduling of 60 vehicles of the 150-vehicle fleet and all liaison with the drivers.

In October 2012 he was assigned as manager for the roll out of a live signature capture/proof of delivery project, and more recently he has been involved in the start-up of a new trunking and cross dock operation in the Midlands, adding to the Fagan and Whalley national and international distribution operation.

Sam's latest project has been to set up EDI for all loads and the implementation of a transport management system for all the vehicle movements.

"Sam Fagan is exactly the type of young, talented and ambitious individual we seek to nurture through the Logistics Leaders Network, and we will hopefully welcome him to our Road Freight and Warehousing Leaders meetings in 2014."

## FACT FILE

- The University of Huddersfield pioneered the teaching of undergraduate transport and logistics courses in the UK
- 25 years experience of teaching in the subject area
- The biggest specialist team of teaching staff dedicated to teaching transport and logistics in the UK
- 1000 graduates, many now holding senior positions in industry
- 95% of Huddersfield's BSc students elect to take an optional placement year
- Huddersfield is providing the launch undergraduate programme for the Novus Trust
- Huddersfield's students regularly win prestigious industry academic prizes
- 2012 Entrepreneurial University of the Year

Doing the honours: John Perry centre and managing director of ScalaConsulting presents Sam Fagan right with his 'winners cheque' with a proud Professor Colin Bamford (left) looking on





## RETAIL LOGISTICS

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# Together is better

**DHL demonstrates the power of partnership in logistics: increasing efficiency and saving money**

As news stories increasingly focus on how retailers are struggling to remain profitable in the current economic climate, logistics providers need to think leaner, smarter and more cost efficiently to deliver a successful end-to-end supply chain, without compromising service quality.

More than ever, retailers are being pressed to re-evaluate their supply chains, questioning historical practices and having to find new ways to remain ahead of the competition.

Working in partnership with key High Street retailers, DHL Supply Chain is driving the collaboration agenda through a number of projects, ranging from shared user networks between retailers to developing more sustainable delivery solutions, plus innovative tools and platforms aimed at reducing cost, enhancing efficiency and adding value to the customer's supply chain.

The three case studies below look at the challenges retailers are experiencing and the opportunities available through effective collaboration.



DHL has brokered a fruitful partnership between BP and Nisa using a cross-dock

Working together, M&S and DHL have created improved efficiency and reduced carbon emissions



### CASE STUDY 1 Collaboration between retailers

Historically, emphasis has been on collaboration between trading partners, e.g. manufacturers and retailers sharing sales data or demand forecasts, occasionally including their third party logistics providers.

Now, with increased awareness and demand from consumers to cut unnecessary road miles and reduce delivery charges (despite increases in fuel), DHL is working with retailers to offer a range of services, including shared transport, warehousing, consolidation centres, multi-user and cross docking facilities.

One of the most successful partnerships DHL has brokered is between BP and Nisa, the independent grocery store chain. The BP national distribution centre is based in Lutterworth in Leicestershire and Nisa in Harlow, Essex. By using the cross-dock at Harlow, BP is achieving secondary distribution using Nisa vehicles, which deliver to both Nisa stores and BP forecourt shops.

The formula has also been replicated in Scotland in addition to Nisa using BP's NDC as an outbase, enabling significant savings for both companies in terms of reduced empty running and fuel costs. In 2012, supply chain collaboration initiatives helped Nisa record a third successive year of payouts to its members.

DHL has further facilitated a successful partnership between a leading UK pharmacy chain and a fashion retailer, integrating the distribution network to handle both customers' stock handling, holding and receipting processes through the adoption of shared deliveries via shared assets.

The compatibility between both retailers was significant in terms of location, with 88% of the retailers' stores located within one mile of each other. Following a successful implementation, delivering a saving in excess of £700,000, the total value of collaboration value now exceeds £3.5 million. Multiple High Street drops are a trend set to increase in the future due to the value created for all parties.

### CASE STUDY 2 Developing sustainable networks through collaboration

Retailers are facing increasing pressure to reduce carbon emissions and improve carbon efficiency. Creating sustainable retail solutions is fundamental to the retail industry and is helping companies meet their environmental goals.

*“Within a year of introducing the terminal, road traffic accidents had fallen by 20%, vehicle damage had dropped by £200,000 and third party insurance claims were halved, year on year”*

M&S and DHL jointly developed the DHL GoGreen and M&S Plan A partnership, an industry-leading platform improving efficiency and reducing carbon emissions across M&S' transport operation as part of the company's objective of becoming the world's first retailer to produce zero landfill and achieve 100% of waste recycled.

To achieve M&S' objective of improving the fuel efficiency of its fleet by 25% by 2015 (from a 2007 base line), joint innovations such as a new teardrop trailer design with class-leading aerodynamics have already cut 7% from M&S' operating costs.

Through the control tower process, fleet integration has saved 500,000 miles and 584 tonnes of CO2 while the introduction of loose loading has resulted in a further 1,562 tonnes of CO2 being saved. The tear-drop trailers have also significantly improved capacity, improving fuel economy by 10% and generating CO2 savings of 1,248 tonnes across the fleet.

### CASE STUDY 3 Innovating together to set industry standards

Continuous innovation and harnessing new technologies are fundamental to staying ahead in an evolving logistics industry. During 2011, the pitfalls of relying on a paper-based risk assessment system were highlighted when severe winter weather caused major disruption for DHL's Iceland drivers, requiring volumes to be moved through alternative distribution centres and deliveries to unfamiliar locations.

Despite robust and comprehensive risk assessment packs, route books were often misplaced, and updated editions with new information were costly. Overall, the existing paper-based system was environmentally inefficient and time-consuming.

DHL and Iceland worked together to develop a computerised driver information terminal within all Iceland sites, to allow real-time insight and visibility of the delivery process - increasing communication

between drivers before making an approach. The interactive tool enables drivers to update information from their own experience of the delivery location, communicate messages to one another, and upload and view training content specific to the store such as around reversing bays and local restrictions.

The tool proved an instant success: within a year of introducing the terminal, road traffic accidents had fallen by 20%, vehicle damage had dropped by £200,000 and third party insurance claims were halved, year on year. On-time delivery targets of more than 98% are now being achieved and the equivalent of 200,000 pages of paper saved.

DHL continues to work with customers across its food, non-food and fashion retail sectors, delivering cost savings and environmental efficiencies on projects ranging from sharing consolidation centres to implementing telematics controls on individual lorries.

At the heart of these initiatives is DHL's expertise in logistics and its desire to constantly seek out new solutions.

## FACT FILE

### DHL Supply Chain - Retail UK

- Market leader in the UK retail sector
- Operates more than 100 retail logistics sites
- Services more than 50 major High Street and multi-channel retailers
- Provides logistics to 80% of the retailers on London's Oxford Street
- Official logistics partner to London Fashion Week
- Proud winners of the 2012 Retail Week and CILT Transport Initiative and Collaboration awards.

# Fuel for thought

Without bulk liquids logistics leader Hoyer replenishing our service stations, we would soon grind to a halt

## **F**ast-paced, dynamic and vital to everyday life!

Are these the characteristics that sound like they might make for a really exciting, interesting and valuable career? Are you turned on by making decisions that impact on the effectiveness of the United Kingdom?

Ever wondered how your car's fuel gets into service stations across the country? Well, the simple answer is because Hoyer put it there.

Not only that, Hoyer ensures a constant and reliable supply of fuel is always readily available to the population. The petrol and diesel you fill your car up with is stored in tanks underneath each and every filling station, and without a slick and efficient round-the-clock service the UK and Ireland would very quickly come to an abrupt standstill.

The Hoyer Group is a logistics market leader, transporting of all kinds of bulk liquids by road, rail and sea, operating more than 25,000 tanks worldwide, which specialize in fuel logistics and distribution, making millions of deliveries throughout the UK every year.

The nerve centre for this vital national operation is Hoyer's Control Centre (HCC), based at its UK headquarters in West Yorkshire where a team of 35 men and women monitor fuel stock levels and usage trends at filling stations and manage deliveries across the country.

HCC is split into two smaller groups, one planning team, deciding which type of petrol to deliver, where and when, and a second team of controllers dealing with

drivers and any problems or delays as they arise. Track and Trace technology and on-board truck GPRS computers that tells you, real time, where every vehicle is and what has been delivered are used to help keep tabs on the operation and make changes when necessary.

The whole job seems pretty easy, right? Wrong! The planning team track the stock levels of each grade of fuel at all stations across the UK, using telemetry to remotely measure and poll the levels so that from one minute to the next they know how close to being full or empty each tank is in your local area.

"My team is constantly piecing together a never-ending jigsaw. The problem is if we put one piece in the wrong place, it affects the whole country," says manager Angela Johnson, one of Hoyer's brightest managers who joined the company eight years ago on

the Management Development programme.

By monitoring on-going liquid levels, having an in depth knowledge of historical sales patterns as well as understanding anomalies such as bank holidays, freak weather conditions and sales campaigns, HCC is able to predict and plan when the next delivery is needed in each and every filling station across the UK and Ireland.

A sophisticated computer planning software uses algorithms to digest a huge amount of information and calculate a precise and optimised work plan. It is imperative all service stations have enough fuel to deal with any circumstance without running out, as the repercussions for fuel stations are major and can result in frustrated customers, congestion on forecourts, and loss of sales once resources are exhausted.

The planning process goes through two



“My team is constantly piecing together a never-ending jigsaw. The problem is if we put one piece in the wrong place, it affects the whole country”

cycles every 24 hours. But in reality the process is done and re-done hundreds of times throughout the day as each journey is planned to the minute. Despite this intricate and precise approach the HCC team must be flexible and able to react instantly and effectively as controllers are constantly challenged with responding to a range of unplanned situations.

The controller is the first point of contact for all drivers and customers as at any moment a pre-planned journey may have to be changed. Monitoring a variety of factors such as traffic, weather, the number of hours the driver has been driving and amendments to arrival and departure times are all situations the controller must contend with. In basic terms, the controller is responsible for ensuring the fuel delivery process is successful.

Again, it all sounds relatively straightforward doesn't it? If only it were so simple. As soon as a delivery varies from the initial plan (this could be something as simple as a driver was stuck in traffic, therefore affecting the arrival time) it has a knock-on effect for all subsequent deliveries.

"A controller must be able to take several pieces of information and use them to make crucial decisions at any given time, often without the input of superiors. Hoyer has always shown fantastic trust in the HCC team, and everyone takes a great deal of motivation from that. No two days are ever the same," says Tim Fricker, a senior controller.

This statement was never truer than when tanker driver union Unite threatened

strikes. The HCC team had no choice other than to work on. Their efforts ensured the UK avoided a state of crisis as they contended with mass panic buying of fuel, highly stressed fuel station managers and extra emergency drivers drafted in from the armed forces who had limited experience and training. Prioritising deliveries and constantly re-checking stock levels ensured fuel was available countrywide. This was a fantastic achievement, which avoided certain businesses around the UK being plunged into chaos and some to a complete standstill.

Once upon a time logistics may have seemed an uninspiring, male-driven, old fashioned area of industry that didn't offer the interesting or stimulating job satisfaction that a young, motivated commercially-minded individual craves and desires.

This notion is now something of the distant past. The Hoyer Group is at the forefront of modern society, employing men and women who use some of the most hi-tech equipment and intelligent software around.

These roles are adrenalin-filled. Yet, even in the most pressured circumstances the right decisions must be calmly and routinely made. Those judgements must provide the assurance of safety for all involved parties while meeting the needs of Hoyer's customers. This is a fine balancing act and one that Hoyer prides itself on being able to get right.

If you're motivated by what you have read contact **Hoyer Group's Head of Human Resources Tania Cressey, 01484 447200, Hoyer Group, 517 Leeds Road, Huddersfield, HD2 1YJ.**



## FACT FILE

- Hoyer is the global market leader in specialised bulk transport and logistics solutions
- Independent, family-owned international group operating across more than 80 countries worldwide
- Recognised as being leaders in safety performance, quality and professional training
- Worldwide turnover of more than €1 billion, employing 5,500 people
- 25,000 tank fleet of over 120 different types, which can carry almost any bulk liquid, powder or gas
- Key markets are chemicals, petroleum, foodstuffs and airgas industries
- 50%+ of all products carried are classified dangerous goods which require specialist equipment, systems and handling
- Our main customers are some of the biggest and best known blue chip corporations in the world
- Hoyer drives 45 million kms to deliver 11.2 billion litres of fuel throughout the UK each year.

# Driving change in European logistics

## Pall-Ex's hub-and-spoke model helps reduce distribution costs across the continent

With many European economies still facing an uncertain future, keeping costs low and margins healthy is still a challenge for businesses throughout the continent. For many, the current situation means business owners are exploring new ways of working, which in turn opens up new opportunities for suppliers.

One company that has found itself in a prime position to offer distributors, importers and manufacturers the point of difference they are looking for is Pall-Ex, the European palletised freight network owned by entrepreneur and TV business guru Hilary Devey (pictured).

Pall-Ex has been a prominent name in the UK logistics sector since 1996, when Hilary sold her home and car to raise the capital to get her businesses off the ground, thus starting her now famous rags-to-riches story.

The premise of the business is a simple one: A network of member hauliers collects freight from customers and takes it to Pall-Ex's central hub. There it is sorted and loaded onto the vehicle of

the network member responsible for the destination postcode and each vehicle leaves the hub with a new load. By sharing trailers with other freight bound for the same destination, haulage costs and environmental impact are both reduced.

This hub-and-spoke approach has been, and continues to be, a hugely successful business model in the UK. However, Hilary is renowned for her ambition and she began to look beyond the domestic market.

Having spent a lot of time on the continent, and with European hauliers, Hilary started to see a change in the way that the logistics sector was operating.

The need for just-in-time freight was starting to increase as cost efficiency moved higher and higher up the business agenda. This form of distribution inevitably lends itself well to small consignments of freight, presenting the perfect opportunity for palletised distribution.

At a time when every penny counts, Hilary knew the Pall-Ex model had the ability to be replicated in other countries to bring about consistency of both cost and service, offering the delivery of small freight

consignments on a Europe-wide basis.

The Pall-Ex team knew the approach they took would be vital. Key to longevity would be to fully immerse the brand and model into the local logistics market of each target country. But they were fully aware they could not do it alone.

Pall-Ex's approach has always been based on the philosophy of collaboration, ensuring the right skills, experience and competence are deployed to achieve success. Rather than expand across the continent with its own teams like its rivals, Pall-Ex grounded its strategy on handing local ownership of the business operations to a suitably selected National Partner.

The franchisee-style model would be lean, so entry costs would be relatively low. Market entry is facilitated and business risk-mitigated by allowing like-minded and driven partners to benefit from the proven brand and model.

This would allow Pall-Ex to deploy networks in a dynamic way, with interdependent partners – all of which also have their own skill base that the network can use as leverage in years to come. It also provides extra flexibility, and therefore stability, for different territories' marketplaces.

Local Principal National Partner knowledge means the network will always be a step ahead, with an intricate understanding of regional economies and local industry requirements.

To provide support for these new European partners, a dedicated multi-lingual team in the UK was established to actively facilitate the launch operation in each country and share best practice between the various Pall-Ex networks. This team of foreign nationals has an advanced cultural understanding of various regions, as well as a strong grasp of the Pall-Ex model.

With the foundations of European expansion in place, the team was able to surge ahead with its search for Principal National Partners and, ultimately, get new continental networks on the road.

The first of these to launch was Pall-Italia, which began operations in 2009 and was followed by Pall-Ex Iberia in 2011. In December 2011, the Pall-Ex model was able to break new ground with the launch of Pall-Ex Romania, which became the first ever pallet network in eastern Europe.

Having the infrastructure in place to support the launch of each network has also helped to facilitate growth, proving that the business model is a viable one.

By the end of 2012, the 52 members of Pall-Ex Italia were delivering 113 per cent more pallets compared to its first year. Pall-Ex Iberia saw an even more impressive increase in its first year of business, leaping up by 256 per cent with 37 member hauliers.

The pace has not slowed down in 2013 either, with Pall-Ex France about to launch and Pall-Ex Polska set to follow in the footsteps of its Romanian counterpart later in the year.

So, with success already under their belt, what is next for Pall-Ex's European expansion team? As you would expect, they have the next set of target territories clearly in sight, with Germany, Scandinavia and the Benelux countries among them.

Talks are also already well under way with potential partners in Turkey, which opens up further potential for the growing Pall-Ex network.

Turkey not only has domestic products like textiles and minerals requiring domestic and pan-European distribution, it is an increasingly important in-transit route.

The Eurasian transport corridor connects western Europe to south-east Asia, and Turkey's location, as with Romania, makes an ideal transit trade hub between the two continents. It also has the benefit of linking to the Mediterranean and to Northern Africa.

Pall-Ex is testament to the fact that with a sound business model, strong market knowledge and the ability to look beyond the domestic market, continual growth and expansion is possible, even within the toughest of trading conditions.

### FACT FILE

- Pall-Ex was formed in 1996 by Hilary Devey
- The company started out in an old aircraft hangar with no running water or electricity
- Pall-Ex moved to its own £12m purpose-built hub in 2003, with the facility opened by HRH The Princess Royal
- The central hub of Pall-Ex UK is close to the M1 in Leicestershire. It has a footprint of 267,000sq ft and handles more than 9,000 pallets every day
- Between them, Pall-Ex members provide 7,500 vehicles and five million square feet of warehousing
- Pall-Ex currently has four active networks, with two more to begin operations in 2013
- Between its networks, the Pall-Ex Group delivers to and collects from a total of 38 European countries
- Hauliers joining Pall-Ex increase their margins by an average of 10-12 per cent
- Pall-Ex has an average vehicle fill of 90 per cent, considerably higher than the average pallet network figure of 73 per cent.

“Pall-Ex's approach has always been based on the philosophy of collaboration, ensuring the right skills, experience and competence are deployed to achieve success”







# Importers sea sense

Raymond Joyce discusses the benefits and risks associated with the growing popularity of portcentric logistics

Goods continue to flood into the UK from manufacturing facilities in the Far East in ships of increasing size. These will continue to arrive mainly by sea.

Recently, retailers such as Tesco and Asda have moved to large distribution centres on or near UK port sites. These ports are growing the value added logistics services which they provide and ceasing to be simply places where cargo is stored, handled and moved between transport modes.

Cost, time and environmental savings can be made by unloading goods from shipping containers at the port site, then transporting them (whether by road or rail) to their final destination (as, for example, palletised freight), rather than first sending them in containers to an inland regional distribution point to be unloaded there, with empty containers having to be transported back to the port. This is referred to as 'portcentric logistics'.

The benefits are not limited to retailers, and portcentric logistics is an approach now being exploited by businesses that rely on imports.

In exploiting the full potential of a portcentric approach there are unfamiliar risks associated with sharing fixed assets and events beyond the control of parties to the supply chain that can negate the benefits of the portcentric approach.

The traditional distribution centre model, with the cargo owner's employees planning the movement of goods in and out of the warehouse, is being superseded by port-located warehouses, with increased involvement by third party contractors. This raises a number of issues.

What rights can occupiers have to use warehouses in the portcentric model? Usually the port owner grants occupancy and/or user



rights in various legal forms. This may be a lease, where the occupier of the warehouse has exclusive possession. Alternatively, under a licence, where the occupier may have rights to use a designated area, without exclusive possession of any part of it. The licence provides greater user flexibility for both owners and occupiers. Finally, in an outsourcing contract the cargo owner will not occupy the warehouse itself but may simply have a manager on site to oversee the provision of services by a third party contractor.

Size does matter. A larger cargo owner may want its own port warehouse with a separate port services agreement. An SME may need rights to occupy discrete areas of the warehouse but wish to use a number of third party services. There is no 'one size fits all' for businesses that want to benefit from portcentric logistics.

Crucially, how will the risks be shared? With an increase in the number of multi-user warehouses, how will the use of space be regulated? In particular, what services will be provided and who will provide them? In a portcentric warehouse, the owner (or its subcontractor) may provide logistics services such as picking, packing and carrying out some assembly work. This brings additional risks which need to be covered off in carefully

considered bespoke legal agreements. Key issues include:

- In a traditional estate model, warehouse owners impose service charges to meet the standard costs of repair of common infrastructure. However, owners using the portcentric model are more likely to charge for occupancy and services on a square footage basis.
- Both owners and occupiers will need more flexibility in the spaces they use. Occupiers may want first refusal of any additional space in the warehouse as it becomes available. Owners may (as is already the case in some multi-user warehouses) want the ability to move cargo owners around the warehouse depending on the demands on the building from time to time.
- Given the likelihood of increased movements resulting from destuffing containers within the port boundaries, the layout and management of external areas may need to be updated. Port users should be careful as to what extent they are prepared to contribute toward the cost of such updating as part of their occupancy agreement.

Landlords on existing off-port sites should, as part of any lease renewal or re-gearing negotiations, be aware that their tenants are likely to be considering moving some or all of their operation to a port location. Tenants will need to review their existing leases to see whether they include break clauses allowing them to end their occupation at an earlier date than the contracted lease term. Where there is a conditional break clause (as is often

the case) they should be aware that, if the conditions are not strictly complied with, the lease will continue and they may not be able to move without incurring additional costs.

## Risk management

Time critical interfaces will mean any delays will quickly create pressures throughout the supply chain. The likelihood of events that might cause delay, and their consequences, must therefore be considered.

A number of global events in recent years have threatened performance of international contracts. Notable examples include the 2008 financial crisis, the eruption of the Icelandic volcano Eyjafjallajökull and the Japanese earthquake and tsunami.

It is common practice for many contracts to incorporate a force majeure clause to counteract external occurrences frustrating the completion of a contract. This allows one or both parties to cancel a contract, or be excused from performance of it, if certain specified events beyond the parties' control occur.

The commercial importance of these clauses is obvious in the context of portcentric logistics – a party to a contract will wish to avoid exposure to massive liabilities if it remains legally obliged to perform a contract which is impossible to perform. The performing party will want to include a widely-drawn force majeure clause and conversely, the party receiving the benefit of the performance will be reluctant to allow the other to avoid liability too easily or in too many circumstances. Defining the force majeure events pushes or pulls the risk to one party or the other in the contract. This is a critical part of the contract negotiation especially in a portcentric context.

The simplest approach is to define force majeure in general terms as any event beyond

the control of the contracting party. But what is beyond a party's control?

Although force majeure clauses traditionally involved 'unanticipated events' and 'impossibility' of performance, more recent practice has been to use these provisions as a broader risk allocation tool, anticipating risks that are uninsurable, or that render performance inconvenient/ uneconomical as opposed to impossible.

A circumstance very unlikely to be regarded as being a force majeure event, unless expressly included, is a change in economic or market circumstances, affecting the profitability of a contract. Alternatively, listing the events which are to be treated as an event of force majeure can be acceptable. The listing approach puts the onus upon the supplier to predict all events from which it wants relief, which could be inappropriate given that the events by their nature may be unpredictable.

War or riot should not be overlooked.

Recent unrest in the Middle East and North Africa has highlighted some of the risks arising under some sale contracts, including difficulties in making payment under the contracts as a result of a disruption to communications affecting local banking systems. Other knock-on effects were delays in shipments from affected ports and difficulties in obtaining relevant import and export licences.

The growth of portcentric logistics is a challenge for negotiators of contracts because it calls for a more flexible business approach. Recognising the 'win-win' requires a full appreciation of all the risks, the costs associated with those risks and how they should be allocated. It is unlikely that the parties will be able to rely on standard forms of leases or contracts, so it is vital the legal documentation is drafted to reflect the parties' negotiated intentions.

“ *Size does matter. A larger cargo owner may want its own port warehouse with a separate port services agreement* ”

## FACT FILE

- Freeth Cartwright is a top 100 UK law firm which specialises in the transport sector
- The firm has offices in Birmingham, Derby, Leicester, London, Manchester, Milton Keynes, Nottingham, Oxford, Sheffield and Stoke
- Raymond Joyce has acted for a number of high-profile businesses in the logistics sector. He has substantial experience in drafting and negotiating complex commercial contracts, including multi-million pounds logistics contracts. He is also an expert in dispute resolution.

# Shrinking WORLD

Niche companies are in the vanguard of the trend toward mass personalisation, says Unipart's Bernard Molloy

Manufacturing has gone global. But this is not globalisation in the sense of simply outsourcing the fabrication of goods to distant places where wages may be lower than in the West.

The whole notion of the way products are designed and made has entered a new and exciting era, where networks of niche players collaborate and work together across widely dispersed geographies. Products may now be designed in one location, built in another and assembled from components sourced from anywhere in the world. These are some of the ideas and observations of Peter Marsh, the Financial Times journalist who is one of the leading writers on contemporary manufacturing. His book 'The New Industrial Revolution: Consumers, Globalisation and the End of Mass Production' describes how Western economies are learning to love manufacturing again by leveraging the expertise, skills and design excellence found in abundance in niche manufacturing firms.

Using new technologies and global supply networks, niche enterprises are able to operate on a global scale by connecting with partners in other parts of the world to create new and unique products.

Interestingly, he explains, it is commonplace for companies with particular skills and expertise to develop in close proximity to each other, creating clusters of niche companies. Remarkably, in Poole, on England's south coast, there are two of the world's largest makers of air spindles - highly specialised devices that use bearings formed of gas molecules and which are used in small electric motors. These companies are exploiting their niche skills on a global basis.

Another phenomenon he eloquently describes is how we have moved from

low-volume customisation to high-volume customisation, and how we are now entering an era of 'mass personalisation'. This new phase in manufacturing offers the ability to produce not-far-off unique products, made to precise personal requirements, and done so on a large scale. Such a paradigm shift in the way we manufacture places a heavy emphasis on the creative structure and 'knowledge-based' operating capabilities of the supply chain (network).

Clearly, there is a tremendous opportunity for niche companies to project themselves onto a developing world stage of manufacturing. But the key will be in developing supply chains that are aligned to a more networked way of working. These supply networks will have to be agile, flexible and easily connected to new partner organisations as opportunity prescribes - but critically, they will have to be capable of meeting needs on a global basis.

Peter Marsh explains how going global can prove beneficial. "To establish a strong and lasting position nearly always means having a global view," he says. "Through such a strategy, the company can reach the maximum number of customers in what is often a limited product range. From a defensive viewpoint, it can use this global position as a shield against competition."

As an example of its expertise and reach, the company's automotive division manages the global aftermarket and support for Jaguar Land Rover however, niche manufacturers looking to move beyond domestic markets need not be constrained by a lack of global supply chain infrastructure, IT capability or the expertise required to effect the movement of products between partner sites. These supply networks exist already.



**Bernard Molloy** - Global Industrial Logistics Director at Unipart Logistics

Unipart Logistics has a large global footprint established over recent years through managing the distribution and fulfilment of manufactured goods, parts, repairs and returns for a growing number of industry sectors including retail, technology, consumer products, automotive and defence. The company can serve other markets from a single distribution centre, thus creating multi-market hub capabilities.

As an example of our expertise and reach, our automotive division manages the global aftermarket and support for Jaguar Land Rover, a company with two of the world's most successful and iconic automotive brands. Through the partnership with Jaguar Land Rover, Unipart Logistics is responsible for 1.2 million Jaguar cars around the world, supporting the full range of parts for any service or repair during the lifetime of the

*“Using new technologies and global supply networks, niche enterprises are able to operate on a global scale by connecting with partners in other parts of the world to create new and unique products”*

vehicle. For the Jaguar aftermarket Unipart Logistics manages 60,000 part numbers, collected from 1,200 suppliers to be shipped to 17 regional distribution centres for more than 850 dealers and importers worldwide.

As a result of this partnership between Unipart Logistics and Jaguar Land Rover, the Global Control Centre was created. The positive impact of the Global Control Centre has been on a global scale within an aftermarket supply chain renowned for its complexity. By providing end-to-end supply chain visibility and early detection of any problems, the Global Control Centre enables

Unipart Logistics to implement improvements more swiftly. In many cases, supply chain issues are resolved before customer service levels are affected or any impact is felt by the customer.

Partnering with a logistics service provider that has an existing global footprint of multi-user sites and has the knowledge to bring collaborating enterprises closer together, gives any niche company a global footprint of their own and a capability to do business where business takes them. As Peter Marsh states: "Niche companies will be among the success stories as the new industrial revolution takes hold."

Unipart Logistics - The Global Control Centre



## FACT FILE

### THE UNIPART WAY - OUR DRIVING FORCE

Three core principles:

1. **Process efficiency**
2. **Continuous Improvement**
3. **Elimination of waste**

Achieved through:

- **Employee engagement:** a culture that inspires and enables our people to go the extra mile for the benefit of themselves, the organisation and its customers
- **Innovation:** setting us apart from our competition and allowing us to provide revolutionary solutions to our customers
- **Operational excellence:** our deep knowledge and experience of Lean that goes well beyond cost reduction to make the supply chain a source of customer value
- **Customer engagement:** by having shared values and objectives, understanding our customer's market-place and taking a long term view.

# The Ultimate Parts Machine

BMW Group turns to distribution centre innovators SSI Schaefer to keep the wheels turning for its dealers and drivers



Multi-tier shelving aisle

If you are a smart driver, you'll want to ensure your car is in the best possible condition for economic as well as safety reasons.

And when you need a replacement component, you'll know how frustrating it is if your dealership or service centre doesn't hold the part in stock, forcing you to spend more time than is absolutely necessary off the road.

But stop for a moment and ponder just how many components there must be in a typical car – engine and body – and what kind of super logistical effort it must take to ensure there is a very good chance your technician can get to work on your motor in an instant.

Think where the parts have come from, how they have been stored, handled, accessed and despatched. And as the number of cars on UK roads continues to increase,

think too of the pressures being placed on parts distribution networks to keep up.

One automotive giant that has met these challenges head-on is BMW Group (UK) Limited which in 2012 opened a purpose-built 42,506 square metre parts warehouse at Pineham in Northampton.

The 12 metre-high facility serves as BMW Group's national distribution centre, delivering parts to BMW, MINI, Rolls-Royce Motor Cars and BMW motorcycle dealers throughout the UK and Ireland. This facility represents a multi-million pound investment for BMW Group with the internal layout, design and installation of storage and automation systems completed by SSI Schaefer.

Solution design experts from SSI Schaefer worked closely with the BMW logistics team, analysing distribution data and factoring in BMW's growth plans to provide an efficient and accurate storage and picking system which would accommodate all 65,000 different part numbers (SKUs) at a level of 97% availability.

The full range of spare parts and accessories runs from wheels and body panels through to engineered products and electrical components. In this respect the 32,000 location-wide aisle pallet racking system had to be specially designed to hold 'out of gauge' products as well as models from the BMW range of motorcycles, of which approximately 800 are stored on site.

Compartmentalising the storage areas was also essential. A separate tyre store houses approximately 4,000 sets of customers' winter tyres, which are sent to the distribution centre by BMW national dealerships to be stored principally between April and October, and there

is an environmentally controlled, secure goods store for aerosols, paints and other hazardous items for which segregated storage is mandatory.

The main small parts picking operation is undertaken across a three-tier mezzanine floor which in combined floor space spans 892 square metres and supports a shelving system comprising 60,000 locations.

Goods received from Germany for this area are barcode-scanned and decanted into plastic containers (totes), 10,000 of which were manufactured and supplied by SSI Schaefer for this project. They are then routed via a section of the 1,056 linear metres of conveyor system and a series of vertical lifts to putaway locations on any of the ground, first or second floors.

'Batch picking' several orders simultaneously using trolleys reduces the number of visits to single locations, saving time before the picked order contents are conveyed to consolidation stations, at which they are scanned into up to 400 dealer destination totes. These are then forwarded by a 328-linear-metre elevated conveyor system and sorted to route via any one of ten shipping lanes located close to a series of despatch doors with awaiting vehicles.



Put-to-light shipping tote system



Pallet racking and despatch conveyors

*“ This efficient picking system enables BMW to respond rapidly to a continual stream of orders placed throughout the day and to effect a guaranteed next day delivery service to all 155 locations in its national dealership network ”*



Tote conveyor system

This efficient picking system enables BMW to respond rapidly to a continual stream of orders placed throughout the day and to effect a guaranteed next day delivery service to all 155 locations in its national dealership network. The complete routing and automation system is controlled by SSI Schaefer's 'WAMAS' material flow control system.

SSI Schaefer took on the role of principal contractor for the complete 'intralogistics' project, including planning and project

management and organising the supply and installation of the integrated sprinkler system, lighting and smoke detection, as well as supplying two resident maintenance engineers to look after the installed systems from the date the project went live.

Fourteen months from conception to commissioning, including 28 weeks on-site, ensured the installation was ready on time to meet the expected high standards and increasingly tough demands placed upon it by BMW's discerning customer base.

## FACT FILE

- SSI Schaefer is the world's largest and the UK's leading storage and materials handling solutions provider
- In 2013, BMW shipped more than 23,000,000 million auto parts to the UK
- SSI Schaefer is privately owned. It was established in 1939, has a presence in more than 53 countries and employs more than 9,000 employees worldwide
- The company's UK base is in Andover, Hampshire with a sales and projects office near Towcester in the Midlands
- SSI Schaefer provides shelving, racking, containers, automated picking systems and warehouse IT. It is the only company to supply a customer self-installing Pick-By-Light system and has developed a robot unit picking system with a capacity of more than 2,000 picks per hour
- The company fosters a unique partnering approach through which it works hand in hand with customers to develop, design and implement the most innovative yet cost-effective solution for each distribution centre project
- Support and maintenance extends from basic help desk service to full 24/7 resident maintenance facility.



## DISTRIBUTION INNOVATOR

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# Narrow minded

### Reduced aisle width and maximized storage space is the Holy Grail in materials handling

Maximizing the 'cube' is the ultimate efficiency gain for retailers, manufacturers and third party logistics providers owning and running warehouses.

Key to the success of this strategy is to reduce the aisle width and maximise the storage space. To achieve this requires having the right materials handling equipment with the ability to operate effectively and efficiently in a very narrow aisle environment.

Flexi Narrow Aisle is one of the world's leading makers of specialist very narrow aisle (VNA) articulated fork lift trucks.

Flexi's leading VNA forklift trucks are being used in many different applications. These are just two examples of solutions that meet the needs of very different companies, one is a regionally-based growing contract distribution company and the other a leading heating and hot water systems manufacturer.

#### CASE STUDY 1 Meeting Expect's expectations

Established in 1988 as Pennine Parcels, rebranding as Expect Distribution in 2006, Expect operates some 250,000 sq ft of warehousing and distribution space across three strategically located sites in Yorkshire.

The facilities – one at Halifax and two in Bradford – provide storage for a diverse variety of products ranging from medical supplies and foodstuffs to industrial equipment.

The sites also act as hubs where loads are marshaled as part of Expect's role within the Palletline pallet distribution network. Expect Distribution is the largest inputter of freight into the Palletline network and was the first

hauler to put 1,000,000 pallets through the system.

The facility adjacent to the M606 in the Odsal region of Bradford is the most recent of Expect's three sites to open. It was needed to cope with the growing demand for the company's services and combines 54,000 sq ft of high quality warehousing space with a very busy cross docking operation and the company's head office functions.

When planning the layout of the storage cube within the Odsal warehouse, Expect opted to maximize the available space by specifying a narrow aisle storage system served by Flexi Narrow Aisle articulated forklift trucks.

"We were committed to narrow aisle storage but because a large part of our business involves cross-docking it was important to select a truck that could function efficiently and safely in all areas of our warehousing operation," said David Storrie, Expect Distribution's Head of warehousing.

"We also needed trucks that would allow us to optimise storage density while at the same time permit fast and efficient individual pallet accessibility, which can



become a problem with many other forklift based high density storage systems."

Pallet capacity at the Low Moor unit is 7,000 with pallets stored six high in the racking.

Following a period of close consultation between key personnel from Expect and the warehouse planning team at Flexi Narrow Aisle, two metres was agreed to be the optimum aisle width for the project.

While Flexi trucks can pick up and turn pallets in aisles as narrow as 1.6m wide, in applications like Expect where high throughputs need to be achieved and faster travel speeds are required, the speed at which a truck can safely operate in the aiseways is more important than the need to narrow the aiseways.

Even when setting the aisles 200mm wider than the minimum, the Flexis were still far more space-efficient for Expect than using conventional moving mast reach trucks – an option the company had also considered.

As this site is a multi-user facility, Expect does not have pick faces within the racking – the Flexis either pick full pallet loads or, if part picks are required, the trucks drop a pallet from its storage location and deliver it to a marshaling area where orders are made up, before returning the load to its location within the store.

All of the pallet put away and picking within the racking is undertaken by the Flexis while the job of unloading and loading incoming and departing trailers in the yard is shared between the Flexi articulated trucks and a fleet of 2.5 tonne LPG-powered counterbalanced trucks.

"The Flexi's ability to unload incoming trailers like a counterbalance machine and

*"The Flexi trucks have allowed us to reduce aisle widths to maximise storage capacity while maintaining a safe and productive operation that allows fast and efficient pallet put away and retrieval cycles"*

serve our narrow aisle racking means we have been able to reduce double handling and make optimum use of our forklift fleet and labour resource," said David Storrie.

"The Flexi trucks have allowed us to reduce aisle widths to maximise storage capacity while maintaining a safe and productive operation that allows fast and efficient pallet put away and retrieval cycles."

A fleet of four-wheel, electric-powered Flexi EURO VNA trucks is in operation at Premier Point, Expect Distribution's Odsal site.

BDR Thermea is a world leading manufacturer and distributor of innovative heating and hot water systems and services. The group operates in more than 70 countries and employs more than 6,300 people.

#### CASE STUDY 2 Boiler maker can steam ahead

The strategy of the group involves marketing under multiple trade brands, the best known of which in the UK is perhaps the Baxi range of boiler units.

The company has production sites and distribution facilities worldwide and has recently upgraded the materials handling operation within one of its French finished goods warehouses with the introduction of

articulated forklift truck technology supplied by Flexi Narrow Aisle.

BDR Thermea had been using a combination of counterbalanced trucks and reach trucks to load and unload incoming and outgoing trailers and deliver pallet loads of product to the double deep storage locations within its store.

But following a review of its handling processes, which saw pallet racking relocated into single deep aisles, the company has been able to rationalize its forklift fleet by switching to a fleet of eight Flexi EURO VNA trucks.

At the heart of the truck is a unique compact front wheel drive axle design which, combined with the four-wheel Flexi VNA's ability to truly articulate through 220 degrees, allows easy and safe stacking and minimal manoeuvring in the aiseways.

Like all articulated forklift trucks in the Flexi range, the EURO VNA AC is capable of working outside unloading and loading and operating within the narrowest aisles.

This ability to load like a counterbalanced machine and work in very narrow aisles like a reach truck – although, significantly, without the need for any special attention to be given to the surface of the warehouse floor – has allowed BDH to reduce the number of trucks required at the French facility which, in turn, has resulted in

considerable operating cost savings.

The fleet was supplied through Flexi Narrow Aisle's local French distributor who will also provide ongoing service and maintenance back-up.

John Maguire, sales and marketing director of Flexi Narrow Aisle, said: "The Flexi distributor network is well established in Europe: we have been successfully delivering articulated trucks to European customers for over a decade."

#### FACT FILE

- For over 30 years, Flexi Narrow Aisle has been one of the world's foremost manufacturers of very narrow aisle (VNA) equipment
- Flexi Narrow Aisle manufactures and markets the award-winning Flexi range of articulated forklift trucks, which are designed and manufactured at the company's UK plant and distributed worldwide through a fully supported distributor network
- The Flexi Euro VNA AC was launched in 2010. It can lift pallets to heights of up to 9.5m. It features a unique compact transverse axle design which, combined with the truck's ability to truly articulate through 220 degrees, allows easy stacking
- The Flexi Euro VNA AC is supplied as standard with treaded cushion rubber tyres for maximum traction in wet outdoor conditions
- Conventional twin front-wheel drive means the weight of the truck and any load being carried is evenly divided between the front two tyres to further enhance traction and minimise tyre wear
- The Flexi VNA AC requires just one turn of the steering wheel to enter or de-stack a pallet – which results in significant productivity benefits.





## WAREHOUSE INNOVATOR

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# Flawless floors

Twintec innovation takes warehouse operations to a new level

Logistics consultants, developers and operators of new distribution warehouse facilities are constantly looking at how to improve performance and efficiencies. Where better place to start than the floor slab.

The floor slab in a distribution warehouse is, put simply, the foundation that many other components rely on to operate effectively, for instance racking systems, mechanical handling equipment (MHE) and flow of incoming/outgoing goods.

A floor slab that restricts efficient operations on a day-to-day basis or requires intensive ongoing maintenance will significantly impact on the business activities and profit capabilities of the operation.

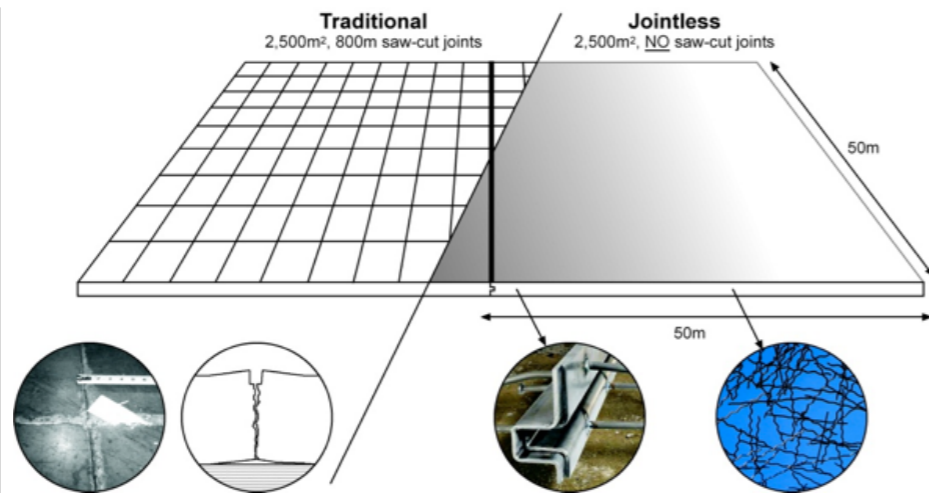
Twintec advocates value engineering on construction projects as an integrated and detailed planning process that considers techniques and materials that could provide better performance and better value over the life of the project.

Design concepts, materials and methods of construction should be carefully considered by all parties without compromising functionality and operational requirements of the client.

Joints are the greatest cause of problems in a modern warehouse and therefore significant savings can be made on floor and MHE equipment maintenance by reducing the number of joints across the warehouse facility.

'Jointless' steel fibre reinforced concrete (SFRC) floor slabs contain no sawn induced joints. Only metal armoured joints with heavy duty load transfer systems are installed at the perimeter of each day's pour.

The advantages of a 'jointless' SFRC floor slab compared to a traditionally reinforced concrete floor slab with sawn induced



joints for the warehouse operator are well documented:

### Significantly reduced floor slab joint maintenance costs as fewer joints across the whole floor

A 'jointless' floor slab that contains only metal armoured joints will demonstrate a substantial reduction in long term maintenance costs when compared to a traditionally reinforced floor slab with sawn-cut joints every six metres. Joints should be sealed annually as part of the maintenance regime of the warehouse.

### Fewer joints leads to greater operational efficiencies

Hard-wheeled MHE that constantly traffics over sawn-induced joints will result in the breakdown of that joint as there is nothing to protect the arris from the constant impact of the wheels. The inability of the forklift to operate at optimum speed has a direct impact on productivity. It is not uncommon for end users to report having to reduce speed by up to 50% due to breakdown of sawn-induced joints.

Project	Area (m <sup>2</sup> )	Design	Joints to be sealed annually
X	10,000	Traditional	285lm metal armoured joints + 2,940lm sawn-cut joints
Y	10,000	'Jointless'	285lm metal armoured joints + <b>No sawn-cut joints</b>

“Joints are the greatest cause of problems in a modern warehouse. Significant savings can be made on floor and MHE equipment by reducing their number”

### Lower MHE maintenance due to fewer joints trafficked daily

The shaking, jarring and constant thumping over sawn-induced joints every six metres will have an impact over time on the electronic components of the MHE and may require the regular replacement of expensive parts and downtime while repairs are carried out.

With a 'jointless' slab you will have metal armoured construction joints only every 40 to 50 metres and as often as possible positioned away from areas of traffic. Warehouse operators will have to replace MHE wheels less frequently the fewer joints there are in the floor slab, offering a substantial cost saving over time.

### Substantially improved MHE operator comfort

Jarring and bouncing over unarmoured construction joints is a potential health and safety concern and puts the operator at increased risk of lower back discomfort. A key feature of a 'jointless' slab is that it contains up to 75% fewer joints than the traditional mesh alternative floor slab and all the remaining joints are metal-armoured to facilitate smoother load transfer. The combination of a reduction in joints and

smoother transition across floor slab panels results in significantly improved operator comfort.

### Sustainability credentials, including reduced slab thickness

The combination of optimal fibre designs as well as environmentally-friendly reinforcing can greatly improve the construction CO<sub>2</sub> footprint of new logistics buildings. A 'jointless' SFRC floor slab will be thinner than the traditional mesh alternative given identical loading and operational criteria and therefore use less concrete.



## FACT FILE

- The Twintec Group is the global market leader in 'jointless' steel fibre reinforced concrete (SFRC) industrial floor slabs
- The company derives its name from the twin technologies of concrete and steel fibres
- As a specialist flooring contractor, Twintec designs and builds in excess of six million square metres worldwide each year
- Twintec's vision is to be the specialist contractor of choice by providing a superior product which optimises floor performance and minimises maintenance problems
- Twintec remains at the forefront of fibre reinforcement technology not only in the ongoing development of fibre integration and dispersion technologies but in the research and development of new forms of fibre reinforcement including up to 50% re-used steel fibres.





## TECHNOLOGY LEADER

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# Head for *The Cloud!*

Thanks to the internet, the warehouse management revolution is now available to everyone - with the promise of a rapid payback

**W**arehouse Management Systems (WMS) are core to an effective and well-managed supply chain operation. They have been around for 30 years or so, balancing operational efficiency with maintaining and improving customer service levels and providing key performance data.

What is new and exciting is the advent of the enabling technology we know as 'The Cloud', which brings something that was previously the preserve of the 'big boys' within the reach of any size of business.

Cloud-based technology, also known as On-Demand or Software-as-a-Service (SaaS), can boost distribution operations quickly and at a reasonable cost.

On-Demand WMS solutions are always 'on', which means you can start productive running and reach your budgeted operational and financial objectives quickly. Payback can be within 12 weeks or less.

Cloud-based WMS solutions are typically rich in switchable features and self-configuration options. This capability enables operations to experiment with new operational processes or models 'on the fly', even with a single item, customer or area of their warehouse.

### Mini-case study No.1

When a respected European 3PL needed a WMS solution to support its accreditation as an Approved Economic Operator (AEO), speed and cost control were key. Using SideUp Reply from @logistics, a deployment timeframe of two weeks was achieved from contract signature to first live use. The solution is now being run out to the 3PL's southern European client base.

*“An On-Demand WMS is based on the daddy of all networks – the internet”*

Most on-premise WMS solutions are subject to annual maintenance fees and upgrade programmes. Typically, a vendor of such a solution will insist upon an upgrade to the latest version every three years or so.

While software licences have often been paid for 'upfront', there are still significant upgrade costs in the areas of professional services and training of the new features/functions, plus any hardware/operating system and/or database upgrade costs. This is not to mention the business interruption of what can be a project lasting several weeks.

With On-Demand WMS, offerings are always on the latest version, whether it's application software, operating system, database or other third party software products. So software upgrades become a thing of the past.

Software vendors often talk about 'scalability'. What they don't tell you is that their systems and the associated investment scale in only one direction – upward. With an on-demand solution, you can indeed 'pay as you grow', but if your business experiences a dip for whatever reason, On-Demand WMS allows downward scalability as well.

In practice, this means the increase and/or decrease in your business volumes is matched by an increase and/or decrease in the monthly fees you pay. So, unusually for the technology world, what goes up can also come down!

### Mini-case study No.2

A leading UK food manufacturer and supplier to Retail was seeking a fresh approach to WMS, one which avoided costly and time-consuming upgrades every three years and which matched licencing or usage fees to seasonal business peaks. The solution: On-Demand WMS. The six-figure upgrade costs disappeared immediately as new system enhancements and features are added to the solution invisibly to the client (the early Sunday morning maintenance window for these system amendments was even moved to avoid one of the busiest periods of this manufacturer's week). And with an invoicing model based on actual monthly system usage in arrears, the customer was able to add users to cope with the Christmas peak and incur a temporary uplift in monthly fees. Once the business volumes and operational support in the warehouse returned to more usual levels, the monthly fees reverted back.

As with all supply chain execution solutions, On-Demand WMS is a 'slave' and requires information (item, orders, customers, vendors, carriers and so on) to operate. The data can be entered manually or by spreadsheet upload, but often this type of data is updated frequently and therefore needs to be interfaced seamlessly from ERP order management (OMS) and other external, third party systems.

Add in the requirement to integrate data capture technologies as well as automated materials handling equipment and you have a serious integration challenge. Integration needs to be seamless and, where possible, supported by available standards. On-Demand WMS solutions can support ever more complex integration scenarios.

An On-Demand WMS is based on the daddy of all networks – the internet. As well as being radically different in the way the solution is deployed, a Cloud warehouse system allows organisations to think in a radically different way about who uses a WMS and how. Using the inherent network features of a SaaS solution, collaboration with trading partners becomes not only a possibility but almost unavoidable. Once you broaden your horizons and way of thinking, you can:

- Eliminate time-consuming phone calls from customer service and accounts colleagues by providing them with read-only access to the system so they can check for themselves customer order status, goods on hand or despatched to customers in the case of disputes or claims, etc
- Enable suppliers, third party suppliers (co-packers, re-work, etc.) and even customers to have access to the system to check their own (and only their own) stock and inventory records, eliminating the need to produce customised reports

- Edge closer to the 'paperless' warehouse. Instead of printing and sending paper despatch documentation to customers, save these documents as PDF files and email them ahead of the physical shipment, saving time and cost.

### THE WARNING SIGNS

If your business suffers from any of the following, you should seriously consider deploying a Cloud-based WMS solution:

- Inability to support new requirements from your customers (smaller, more frequent orders, value-added services, ad-hoc reporting, etc.)
- Lengthy and costly stock takes or physical inventory checks
- Repeated incidence of 'out of stocks' or 'out of date codes'
- Picking and shipment errors to customers (internal and external)
- Dependence on local operator knowledge as to where items are located
- Warehouse operatives spending time checking order or inventory statuses or just looking for stock
- Missing transport/loading cut-offs and/or paying for 'special' transportation
- Inability to defend against customer claims of missing/wrong/out-of-date code items.

## FACT FILE

### TOP TIPS FOR ON-DEMAND WMS

- A WMS solution must support paper-based operations, just as readily as other technologies, to enable you to start small and scale fast
- Using paper-based operations and CSV or Excel spreadsheet files to upload item and order data keeps upfront technology procurement and system integration costs to an absolute minimum
- On-Demand WMS should support the latest data capture technologies such as Radio Frequency terminals, Voice Recognition and RF-ID. But the solution should not oblige you to use these technologies if they are not justified by your operations, especially when starting up
- If your On-Demand WMS trial works, keep the settings and roll them out. If it doesn't, revert back to the previous operating process or model with a few mouse clicks and try something else
- Ensure the SaaS solutions you are evaluating have an inclusive, standards-based, flexible data mapping and integration tool to link your solution and operation to the outside world. With the increase in electronic commerce and the proliferation of fulfilment services available, the amount of system integration is likely to increase rather than decline.



## TECHNOLOGY LEADER

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# Top banana

Traderman IT solution so sweet for fruit and veg transport firm



Until tmWare came along, County Logistics boss Adam Irvine was used to swimming in a sea of paperwork before getting paid.

The Kent-based specialist in the delivery of fresh fruit and vegetables could issue invoices only on receipt of a Proof of Delivery (POD), and Mr Irvine's accounts people would spend hour upon hour trying to reconcile jobs to enable invoices to be released. Any loss of paperwork could result in non-payment.

Enter tmWare, a dynamic logistics management system developed and supported by Staffordshire IT specialists Traderman Systems, a company with almost 30 years in the industry.

Utilising Cloud-based technology to deliver complete control over transport and warehouse operations, tmWare can accommodate individual requirements,

however unusual, without bearing the heavy price tag of a bespoke implementation.

"Strong partner relationships are the key ingredient to a successful system," says Traderman managing director Shaun Coughlin. "The customer knows their operation inside out and we are pretty hot at what we do on the IT side, so good communication between the two can have spectacular results."

The relationship between County Logistics and Traderman is a case in point. County uses a combination of its own transport fleet and subcontractors to collect fresh fruit and vegetables from customers for onward deliver to stores and markets across the country.

Prior to the implementation of tmWare, managing the operation on paper required a large table and a disproportionate amount of man hours for Adam Irvine and his team.

Now, by electronically managing jobs and uploading signed PODs, invoices can be automatically released on upload of the POD.

County can input jobs manually or interface directly with its customers' systems. Jobs are then automatically displayed by region on tmWare's planning screen, where County can plan loads and print all the associated documentation. Once a driver returns with his signed PODs, they are scanned and the images uploaded to tmWare. The Auto Indexing module uses a barcode printed on the POD to automatically assign it to the correct job.

Where customers' own paperwork is used, a small barcoded label is printed off and attached to the document, allowing the system to index it in the same way. Once the POD is filed against the job, it is released for invoicing and an invoice generated.

As invoicing is dependent on successful receipt of a POD, tmWare also gives County the option to receive POD by SMS. A driver is sent consignment details and texts back with a code to denote positive or failed deliveries and a name for who receipted the consignment. The system picks up the date and time stamp from the text and releases the job for invoicing. As POD SMS does not require the deployment of expensive in-cab hardware, it is a cost-effective way to achieve real-time PODs to ensure the invoicing process is as efficient as possible.

As a Cloud-based solution with a monthly service charge, County was able to deploy the solution rapidly and cost-effectively. Being Cloud-based means the system is an effective collaboration tool for customers and partners.

Key customers are given access to view the

status of their jobs and what trips they have been planned on. They can also view the signed paperwork for the jobs to reconcile against the invoices they receive. This reduces the time spent by County having to produce paperwork at the demand of the customer.

In addition, subcontractor partners are given access to view and print paperwork for loads which have been planned for them by County. This bridges the gap of getting POD paperwork to a subcontractor who is doing a collection and onward delivery without visiting the County depot.

The efficiencies gained with the implementation of tmWare have freed County to focus on growing its business and improving service levels. It has comfortably grown from 15 to 45 daily vehicle movements as a result of having the ability to manage more jobs. "Basically, tmWare

has revolutionised my business," says Adam Irvine.

County was quick to utilise many features of the tmWare system to give customers and partners a higher level of information and visibility.

"We have always valued long term good working relationships and the benefits are evident," says Shaun Coughlin. "We use our expertise to produce relatively simple additions that dramatically improve the day-to-day efficiencies of a business."

**“Strong partner relationships are the key ingredient to a successful system, says Traderman managing director Shaun Coughlin. The customer knows their operation inside out and we are pretty hot at what we do on the IT side, so good communication between the two can have spectacular results”**

## FACT FILE

- Fully integrated transport and warehouse solutions, available as modules
- Cloud-based technology with monthly service charge
- Partnership approach
- Highly experienced support and implementation team available up to 24/7
- More than 2,000 daily system users
- Continuous development to ensure the system meets the evolving needs of the market, utilising the latest technologies available
- Configurable management reports and dashboards to ensure each user gets the information they need
- Real time mirrored back-up in fully secured data centre facilities.



# HAPPY *returns*

As online shopping grows, retailers are taking a closer look at how they can ensure returns are an asset, not a liability

With the boom in e-commerce has come a sharp increase in the volume of products being returned to retailers. According to iForce, the multichannel retail logistics expert, it is a rise that shows no sign of abating.

Retailers manage their returns either in-house or through a chosen logistics service expert such as iForce. Most now have some form of knowledge on returns processing, but the options of tracking stock through the supply chain and maximizing disposition routes are still untapped for many, sometimes creating unintentional and avoidable waste and unnecessary significant lost margin.

Many retailers are recognizing both the financial and social conscience payback of an effective returns strategy through grading and sorting for the best recovery value. This is where iForce comes into its own, offering retailers complete end-to-end management of their returns and enhancing productivity, measurability and cost control.

A retailer has a number of potential options for returned items: returning them to stock; returning to supplier; onward sale in a secondary market (such as via iForce Auctions); or rework to restore quality of product for either returning items to stock or onward sale at increased recovery. All are dependent upon product condition, relationships with suppliers and, ultimately, seeking the best route for profit protection.

With Corporate Social Responsibility at the forefront of retailers' minds, iForce can help reduce landfill and seek both eco-friendly and charitable routes for the disposition of true waste.

We live in a culture where companies are increasingly judged upon their success in

regards to reducing waste and delivering environmental benefits. An intelligent Returns strategy supports a zero per cent landfill policy. For example, some returned materials for a client that previously would have been viewed as being fit only for landfill now have a new lease of life through being crushed to be part of new paint.

iForce can see the value in something where others do not.

One of the keys to a credible Returns focus is to have access to an efficient, flexible and accurate returns management system. iForce's ability to integrate into a client's own retail systems gives both partners a level of transparency and visibility of the returns within the wider reverse logistics area that has previously not been possible.

For all of iForce's clients, returned products are processed within 24 hours.



The key to an efficient Returns programme is a flexible and accurate returns management system

The client's own supply chain systems are updated with practically real time information, enabling greater efficiency and driving down costs in general. This speed helps improve cashflow while the system's accuracy allows supplier credits and debits to be managed more efficiently. Experience shows retailers benefit from such far greater visibility of the volume, nature and progress of returns.

The table below shows how it is now rare for a returned item to have zero value. The value of each return or disposition route has a varying degree of financial recoup (figures based on YTD 2012):

Returns Route	% Recovered at cost price
Return to supplier YTD Volume	100% of retail cost price
Recoup to stock	100% of retail selling price
Selling to onward sales arm	20%+ of retail selling price

*Note: Disposal of returned items are now less than 0.5% of total Returns for iForce's clients but where this occurs there is 0% cost recovery for the client, hence seeking other onward routes for Returned items to make this option history.*

iForce works with dynamic retailers who recognize the inherent value of their assets and stock, providing an effective, innovative Returns partner and strategy.

iForce creates more revenue from returned stock, is more ecologically aware and finds new, profitable life in retailers' products with more efficiency and greater success than history suggests retailers are able to achieve on their own.

“For all of iForce's clients, returned products are processed within 24 hours”

## CASE STUDY: A vintage solution for Tesco wine returns

iForce has provided Tesco with a returns service since 2000, and there has never been a greater change in Returns activity than in the past 18 months.

Tesco and iForce work in partnership to further develop Tesco's Asset Recovery routes, tapping into the iForce skill set around returns processing.

iForce provided a further returns solution for Tesco in 2012 by designing a new lifecycle for returned wine stock. Instead of being returned to the distribution centre, iForce reworked the returned bottles, including damaged or incomplete cases, and through re-labeling and/or re-boxing, created new stock that was often available online within hours of receipt.

Such work and expertise avoids the need for re-ordering of stock and improves the client's working capital position while creating a revenue stream where previously there was none.

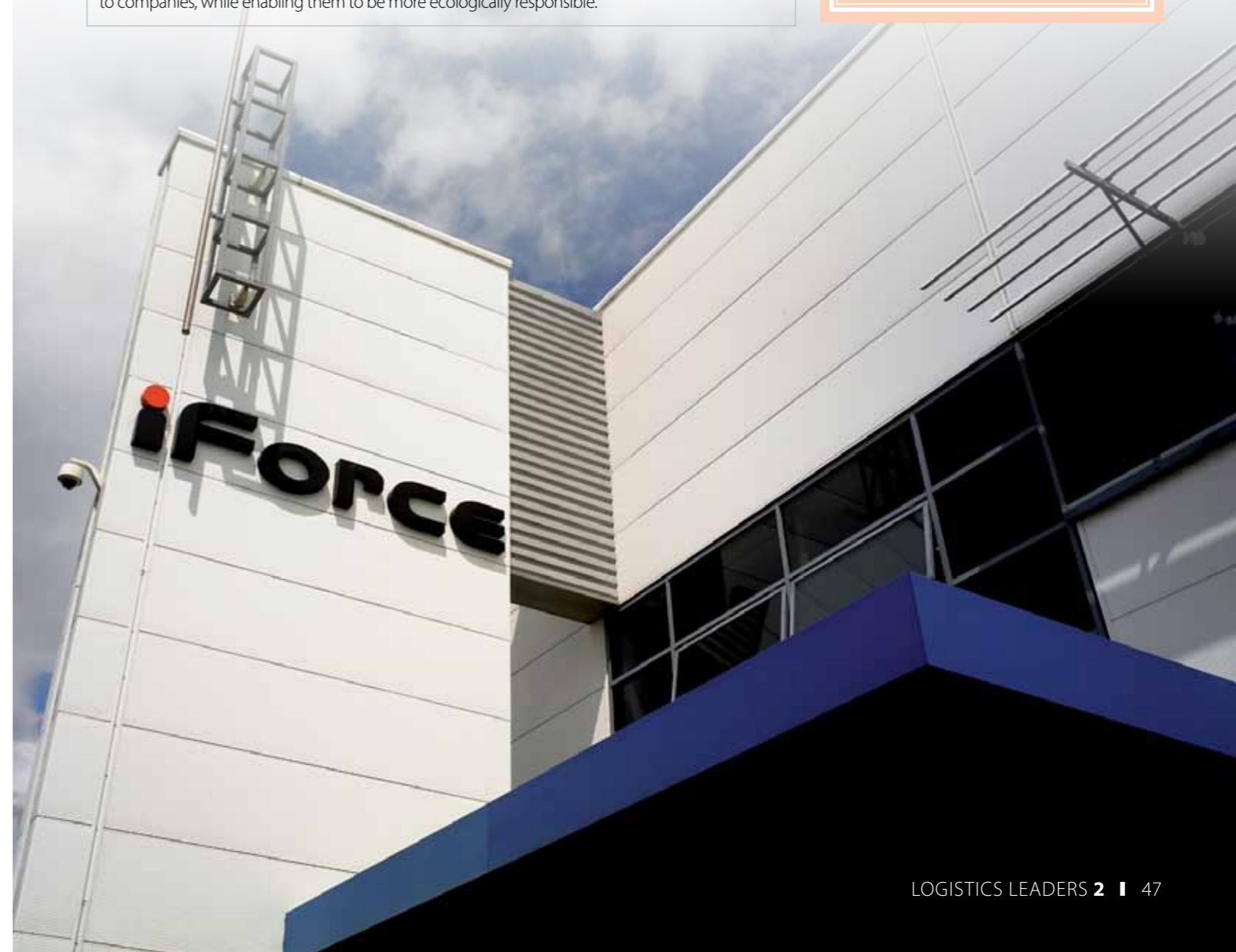
Broken bottles or damaged labels also posed a challenge for Tesco. iForce creates 'mystery boxes' of miscellaneous bottles giving customers a great deal on wine while creating revenue for Tesco on what would have previously been redundant stock.

Ian Towell, Tesco's National Returns Manager, said: "Returns are increasingly a crucial part of any retailers' focus, and iForce's innovative approach to reverse logistics has opened up new routes of onward sale and ethical disposal for us."

With the right solution, a retailer can turn potential losses from a product return into gains. When returns are managed on a company-wide and holistic manner, it is not impossible to add 20-30 basis points to bottom line margin and can potentially be the largest source of donor stock for on-line business. Returns can be challenging, exciting and often offer an unexpected lifeline to companies, while enabling them to be more ecologically responsible.

## FACT FILE

- iForce operates in the specialist area of multichannel retail logistics
- Founded in 1998, the company has pioneered the development of traditional fulfilment skills, processes and technologies, initially for the online world but now for the wider multichannel retail environment
- These skills and experience, coupled with proven processes and levels of recovery on returns processing make iForce the independent market leader in the provision of the specialised services that are at the heart of the online retail revolution
- iForce's clients include Cath Kidston, Fortnum and Mason, John Lewis, VTech, Waitrose Wine and Sainsbury's for multi-channel and e-fulfilment, Tesco, Screwfix and House of Fraser for reverse logistics.





*“Leaders win through logistics. Vision, sure. Strategy, yes. But when you go to war, you need to have both toilet paper and bullets at the right place at the right time. In other words, you must win through superior logistics”*

Tom Peters – Rule #3: Leadership Is Confusing As Hell, Fast Company

**Are you an emerging logistics leader?**

Do you want to develop your knowledge and strategic understanding of one of the most important sectors of the UK and world economy?

If the answer to those questions is ‘yes’ then it’s time you joined the 1,500+ professionals who are members of the Logistics Leaders Network.

The Network gives you the insights and the connections you need to run a successful logistics operation, powering forward your business and your career.

**To join the Logistics Leaders Network either as a Full Member or Associate Member contact: 01737 457002 or visit [www.logistics-leaders.co.uk](http://www.logistics-leaders.co.uk)**

The Logistics Leaders Network was launched in 2010. At its core are a series of events that focus on emerging trends and technologies, leadership and best practice.

- **Strategy Groups and Leaderships Forums** (People, Supply Chain, Road Freight, Warehousing, Logistics Consultants)
- **Networking Events** (Warehousing Futures conference, annual Logistics Leader Network Conference and Lunch)
- **Special Workshops** (Green Logistics Summit and NEW FOR 2014: Logistics for the Non-Logistician; Financing Road Freight and Warehousing Operations out of the Recession)

- As a Full Member of the Logistics Leaders Network you will also benefit from:**
- A dedicated advice line of specialists dealing with your specific questions on, for example, road transport law, green warehousing, warehouse operations, contracts, tyre management, marketing and PR
  - A number of high quality services helping to resolve key business challenges such as branding, marketing, warehousing and IT
  - A 1,500-strong networking group to share views on vital business issues
  - Membership of individual focus groups
  - Discounted training courses



# A YEAR TO REMEMBER

## Peter Acton looks back on a successful 12 months for the Logistics Leaders Network

The Logistics Leaders Network is going from strength to strength with more members and more events. Looking back over the past 12 months, there have been several highlights:

- A major milestone was reached in May when we registered our two-thousandth Annual Logistics Leaders Lunch attendee. The 2013 event was held in the impressive setting of Mercedes-Benz World, at Brooklands in Surrey. More than 100 delegates heard the presentation by Malcolm Hannon, business unit director at The Mace Group, which masterminded the building of The Shard.
- We are now getting more than 4,000 hits every month on [www.logistics-leaders.co.uk](http://www.logistics-leaders.co.uk)
- Our new Advice Centre was launched on the website, and we now have 20 experts on hand to help you deal with your key operational issues
- The Green Logistics Summit was held in September, hosted by B&Q at its Distribution Centre in Worksop and sponsored by Logistex
- Most important, the Logistics Leaders Network has published *Logistics Leaders 2*, featuring the leading lights in the world of logistics and showcasing how companies make a difference for their clients and why the best young people should be attracted to a career in logistics and supply chain management.

The Logistics Leaders 2 Editorial Advisory Board has again been active, making sure the content is a 'good read' and the high quality editorial is matched by a quality product.

*I should like to thank the following people, companies and organisations that have made it possible:*

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If you have nominations for companies that should be featured in Logistics Leaders 3, please send an email to [info@gyrosgroup.co.uk](mailto:info@gyrosgroup.co.uk) stating the name of the company and why you think they are special.

## Logistics Job Shop Ltd

[www.logisticsjobshop.co.uk](http://www.logisticsjobshop.co.uk)

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### Real knowledge of the industry:

Logistics Job Shop is the independent job board for the UK logistics industry. Through our significant experience and expertise in the logistics industry, we aim to provide an independent, easy to use, valued recruitment service to candidates and recruiters in the logistics industry.

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It has built up a database of over 63,000 logistics professionals over 7 years of offering recruitment services and is receiving an average of 1670 new registrations per month.

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### What we offer:

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**Full Recruitment:** We offer a full traditional recruitment service at very competitive rates, including: Face to face detailed competency assessments, reference checks, proactive & confidential & psychometric profiling. Price upon application.



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