FREIGHT Industry Times

In recent weeks we have heard much about government U-turns, including the now infamous debate on what has become known as the 'Pasty Tax', and witnessed around 30 such reversals in budgetary policy. The coalition administration is now saying that there will be no more 'U-turns' in the near future but there is one measure in particular which needs to be reviewed as a matter of urgency.

For the beleaguered road haulage sector, the government could do no more than rescind the proposed three pence per litre rise in fuel duty scheduled to come into effect at the beginning of August. The RHA calculates that if the increase went ahead it would amount to a 'per truck rise of £1,202 at 70,000 miles per year', so it is easy to predict the negative impact it would have on operators.

While the Fair Fuel UK campaign (www.fairfueluk.com) has now gathered more than 300,000 signatures, less than 50 MPs have, at the time of going to press, declared their support for scrapping the proposed fuel duty increase – so clearly many more need to follow suit.

If the proposed increase in fuel duty was shelved would it be seen as another U-turn or a victory for common sense?

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Improving the supply chain: logistics execution, visibility and business intelligence

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Today's supply chain management involves complex business strategies to streamline and automate processes, improve service delivery, increase operational efficiency, reduce stock and waste, optimise customer satisfaction, expand the network and grow the business. It also represents a key area of cost cutting opportunities. It's no surprise, then, that supply chain management has become a major focus of board level decisions and a crucial factor in annual business plans.

The right IT solutions for logistics execution can help achieve cost effectiveness and improve reliability and accuracy in the supply chain by automating manual, ineffective and error-prone processes. And when used in conjunction with a business intelligence solution, the cost reductions achieved via such IT systems can be even greater.

Business intelligence involves more than the tracking and tracing of processes – it is a bird's eye view of process parameters, costs and performance indicators, facilitating informed decisions that can structurally improve business. The more advanced the logistics execution and in-depth processing of data, the more detailed and accurate the business intelligence. As a result, there is a shift from resolving single failures in the supply chain (fixes *in* the system) to more reliability, accuracy and cost effectiveness in the supply chain (fixes *to* the system).

Improving logistics execution

The first step to achieving continuous improvement in the supply chain is excellence in logistics execution, comprising all relevant processes and tasks, such as order fulfilment, procurement, warehousing and transportation.

But where does 'excellence in execution' come from? There are IT solutions which offer features that help to realise cost-saving opportunities and increase accuracy and reliability, such as Order, Warehouse, Customs and Transport Management, and to ensure transparency between the parties. This is the basis for gathering the business intelligence required for a self-improving cycle of the supply chain, including order processing times, number of false or incomplete deliveries from suppliers, turnaround or shelf life of items in the warehouse, freight spending for each transport, and number of delayed deliveries for each forwarder.

To render this data useful, it needs to be converted into key process indicators (KPIs) that are deemed important for the business. The top five categories for KPIs in the supply chain are:

- Reliability
- Flexibility
- Ability to respond
- Costs
- Efficiency of asset management

Business intelligence for better visibility

The goal of business intelligence in the supply chain is to process data for the calculation of KPIs to determine the performance of, e.g., processes, departments and/or partners; to detect weak points in the supply chain, and to serve as a foundation for decision-making. Business intelligence provides an overview of the business, consisting of:

- Scorecarding and dashboarding
- Reporting, analyses and advanced predictive analytics
- Planning, budgeting and forecasting

All this information is aggregated in different ways to match the specific needs of various departments, e.g. sales, marketing, procurement, finance, manufacturing, operations and IT, as well as external supply chain partners. To serve all these departments it is necessary to integrate data originating from the Enterprise Resource Planning (ERP) system.

Challenges

Business intelligence is about pooling data from various systems and partners, and providing the right information to the right party at the right time. The challenges that must be addressed before and during the introduction of a business intelligence solution can be divided into three main areas: data procurement; data transformation; and data quality. Resolving them requires a high level of management attention, a trained project team and most likely support from the solution vendor.

Benefits

After introducing a business intelligence solution that is based on excellent execution systems and collaboration platforms, and after resolving the above mentioned challenges, full visibility of supply chain operations can be expected. This means a better level of control over KPIs for the different areas of execution, e.g. Warehouse, Transport, Customs and Order Management.

In conclusion

The risks involved in today's supply chains, and the potential cost they represent, mean that excellence in logistics execution, visibility & collaboration platforms and business intelligence are highly interconnected. Decision makers require visibility and collaboration platforms to provide transparency, accurate and complete input from execution systems and a business intelligence solution for analyses, trends and forecasts, to meet global challenges and achieve a competitive advantage.

Conversely, only excellent logistics execution systems are able to fully implement the profound and sustainable decisions made with the help of visibility and business intelligence systems. Together, these three areas give access to a new level of continuous improvement to the supply chain and thus help companies to achieve sustainable growth and a competitive edge.

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AEB

Change is on the cards

A new White Paper (published in April 2012) which brings together, in one document, all the significant points operators need to know about the changes currently being proposed for a new 'smart tachograph'. If the proposals are agreed by the European Commission (EC), they would come into force 2017 / 2018.

Titled *Change is on the Cards*, the document also features the views of the Department for Transport and those of other industry experts Tachodisc invited to a roundtable debate on the subject in October 2011. It can also explain the proposals, the issues and any national or European amendments that have so far been made.

Karen Crispe, Managing Director of Tachodisc outlines the rationale behind the EC proposals: "Tachographs are fitted to some six million trucks and buses throughout the European Community, and the EC says that although substantial savings have been made by moving to digital tachographs, the cost of compliance to the industry is €2.7billion, which is far too high. In addition, it calculates that 45,000 trucks are in breach of tachograph rules at any one time across the EU.

"As a result, Tachograph legislation is being revisited in order to ensure that it reflects the technological possibilities of digital tachographs now and in the future; that it cuts the cost of compliance and enforcement; and that it helps to achieve enforcement targets of twice as many infringements caught at the roadside and the total elimination of the most serious infringements by 2020. The general term of reference for the proposed equipment is 'smart tachograph'.

"The EC is proposing substantial changes to the law in order to minimise tampering, explore the possibility of new functionality and to make it easier for enforcement officers and road transport operators to get more valuable information from the tachograph with less difficulty or cost."

As the leading experts in tachograph legislation, Tachodisc has written and published the White Paper in conjunction with *Motor Transport* in order to provide an informed and unbiased overview of the changes being proposed – and dispel any myths with regards the new 'smart tachograph'.

Legislation is being reviewed to ensure the new smart tachograph reflects the technological possibilities of digital tachographs now and in the future

● *To download a free copy of the White Paper, 'Change is on the Cards', visit: www.tachodisc.co.uk/ask*

Karen Crispe