



DIGITISE TO WIN

How even small to mid-sized companies use digitisation to work smarter, not harder

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Digitisation promises to deliver genuine efficiency gains but there are some principles to making it work. Digitisation is becoming more influential, whether via common telematics technology or sophisticated global systems incorporating the Internet of Things (IoT). But more logistics divisions are asking how far they need to go, and how they can get the most from digitisation.

There is a risk in overspending and overcommitting to something with only a marginal pay-off. Digitisation can bring genuine efficiency gains, manage inventory and improve customer service. But just buying an off-the-shelf solution won't necessarily solve all your problems.

For it to really work, you need two things going for you:

1. Good systems and processes which allow the technology to shine.
2. A commitment to put in the daily effort required to get the most from the technology.

Some of the most impressive digitisation examples I have seen come from the automotive parts industry – logistically, auto parts is among the most cut-throat industries, working against tight deadlines and often unpredictable orders. In auto parts supply, if you can't get the right part to your customers at the right time there's always another competitor who can step in.

While you might expect such an industry to be dominated by bigger players, in fact many small businesses thrive in this environment. But they have been incredibly smart about the way they go about it.

For these businesses, strong systems and processes form the backbone to the operation. All aspects of the logistics division needs to be working together – if any of inventory, drivers, vehicles, ordering processes and proof-of-delivery are inadequate the whole chain can fall apart.

Good systems will cope well with the unpredictable. Managing driver absentees is a perennial challenge – good systems will have a pool of drivers identified, including back-up drivers who are familiar with the business and can step in when required; the system understands drivers' availability and can seamlessly replace an absentee quickly. Poor systems will make it up on the run, usually pulling someone out of the warehouse or another area to run deliveries for the day – they fill a gap but lose efficiency and risk late or missed deliveries.

Managing vehicles is the same – good systems track vehicles, plan for maintenance and have contingency for unexpected break-downs or crashes, while poor systems wait until something goes wrong and struggle to replace vehicles which are off the road.

Many auto parts firms selectively outsource these crucial fleet operations for greater flexibility and control, whilst also incorporating digitisation.

These companies understand technology is not a magic wand. Finding efficiency requires a daily commitment and knowledge of what you are working towards – for example, fleet tracking technology provides overwhelming data, and many high-performing fleets narrow it down to some key indicators.

While tracking technology has been available for some time, there is still surprisingly low take-up among many small-to-mid-sized delivery fleets in other industries. Auto parts companies want to see where their drivers are at any time. Most importantly, customers can receive reliable updates on their deliveries using the same tech.

The auto parts industry was among the first to use this technology on a daily basis, to enhance their customer service and allow their drivers to achieve more deliveries in the same hours as previously.

Auto parts show that logistics divisions of any size can be improved by incorporating digitisation. But they also show a longstanding commitment to systems and process is as important as the technology itself.

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