

A new approach to buying transport

Times are changing. Gone are the days of Transport/Logistics Functions working in isolation of Procurement to broker the best possible deal for road, rail, air or sea transportation.

Increasingly, we are seeing Transport and Procurement working together to make best use of each other's strengths. The concern often voiced about Procurement is that all they are interested in is saving money, tactically reducing rates and having no concern for the clients' needs and the consequences of late deliveries, goods damaged in transit or the appearance of the driver who turns up at site, can't speak the language and appears as though they have just got out of bed.

In the good old days, that may have been the case, but there is a paradigm-challenging breed of professional Category Manager entering the Transport arena, who understands that this is a business critical area of spend where straightforward rate reductions are misplaced, and indeed counter-productive as business is then lost through poor service.

SpringTide Consulting are spearheading this change: their specialist logistics consultants have years of experience in Supply Chain Management, and have used their expertise to transform the transport operations of companies around the world.

In SpringTide's experience, the most productive approach to projects is a truly collaborative one. This is clearly evidenced by their engagement with DS Smith PLC, with whom they've been working since 2012; taking an innovative approach to deliver year-on-year cost reductions worth millions of pounds in DS Smith's air, road and sea transportation costs.



SpringTide's integrated team is working with their client's in-house procurement teams and local teams at 300 sites across Europe on over 400 individual projects. But it's not just the scale of the programme that makes it unique – the results have been driven by the pioneering approach taken.

Strategy development

Fundamental to the programme's success has been the engagement of all parties from the outset. SpringTide worked collaboratively with the Group Procurement Director for Transport & Logistics to define approach and strategy and to ensure the buy-in of the senior management team.

Together, they developed the strategic direction to best utilise the budget for all transport across Europe: running diagnostics, defining the focus and vision and providing broader recommendations.

Multi-functional team

The team created to deliver the vision includes specialists from SpringTide and DS Smith with a range of different skills: Category experts with deep procurement and supply chain knowledge, and specific expertise in road, deep sea, groupage and warehousing.

SpringTide's multilingual analysts support the RFX process, from market intelligence to bid evaluation, with project planning and management to ensure timely execution across a rolling process of tenders that are out to bid in the market across multiple sites and countries.



What makes the approach different is that SpringTide essentially ‘own’ the tender funnel, ensuring that tenders are issued, evaluated and then presented back to the category- and country-level leaders to make informed sourcing decisions.

The ‘us and them’ mentality of client/supplier simply doesn’t exist: the ‘combined’ team meet both monthly and quarterly to standardise processes, to introduce further efficiencies and rationalisation, and to share knowledge. Meetings with hauliers often also involve representatives from both organisations, but, most importantly, the strategy is aligned and the expectations are driven by the overall targets set at regional and corporate level.

Local and Central co-ordination

The size of the programme is such that local knowledge is essential to getting a positive outcome. A key to the ongoing success has been the active involvement of local representatives to ensure that business requirements are understood in depth. DS Smith’s clients’ needs are also addressed and all permutations explored before tenders are issued into the market. Thereafter, the ‘combined’ team works collaboratively to ensure effective and seamless transitioning to new hauliers and that the ongoing relationships are embedded through continuous improvement programmes.

Spectacular results

From the start, SpringTide have stepped up to the business challenges set, mobilising rapidly to identify opportunities and realise returns on projects of between 5% and 60%, equating to millions of pounds each year.

In addition, they’ve been able to deliver improvements in terms and to improve cash flow.

“SpringTide have been instrumental in helping us to create a new approach to our haulage expenditure – a spend of hundreds of millions, annually.

Their collaboration with our in-house team, whether senior management or at local sites, has been excellent: the DS Smith/SpringTide teams have formed, matured and work seamlessly with each other to manage exceptionally challenging targets across hundreds of European sites.

The team has brought an attention to detail and a focus on delivery that’s been instrumental in delivering sustainable cost reductions and business continuity that are critical to our business plan.

I’d have no hesitation in recommending SpringTide and believe, by working in such a close collaborative manner, we have developed an approach that is truly unique and market leading.”

Ian Ford, Group Procurement Director – Transport & Logistics, DS Smith PLC

SpringTide's integrated team remains in place and continues to deliver, with the support of DS Smith's stakeholder communities across Europe.

"Working so closely alongside DS Smith has been both a challenging and rewarding experience. It has been fast and furious since day one, and there have been moments of tension and positioning in a more traditional supplier/client relationship sense, which at times have pushed the boundaries within both organisations. But what makes this different is the parties' complementary knowledge and expertise, and the removal of protectionist behaviours.

Personally, I have worked with many different outsourcing models; what makes this unique is the blended way in which accountability and responsibility has been tasked across both parties, which essentially means there is a symbiotic nature to the relationship.

This in my opinion gets the best of both worlds, with neither side becoming complacent and both pushing the other to achieve and reach the next level.

Mike Utting, Managing Director, SpringTide Procurement

Looking Forward

The scene is clearly set for a more collaborative approach between procurement and supply chain operations. As many sectors see their margins eroded, organisations will have no option other than to review the significant cost associated with the delivery of products. The rationale can be compelling:

- Reduction in carbon footprints
- Fewer safety incidents
- Adoption of newer technologies
- Sustainable relationships with suppliers who add value, year-on-year
- Lower cost-to-serve model. The trick is to harness the skills from both Supply Chain and Procurement so that there is harmony, not discord.

To find out how SpringTide can help deliver change within your business,
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